

# NATION'S BUSINESS

NOVEMBER ★ 1936

## Labor—Its Zero Hour

BY CHESTER WRIGHT

## Do Executives Earn Their Pay?

BY RALPH L. WOODS

## Codes, Before NRA and After

BY FELIX BRUNER

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He is discouraged. He goes to the sink to pour it out. He adds a bit of alcohol, perhaps so that he can clean the glass beaker more easily. He stares in amazement.

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\* \* \*

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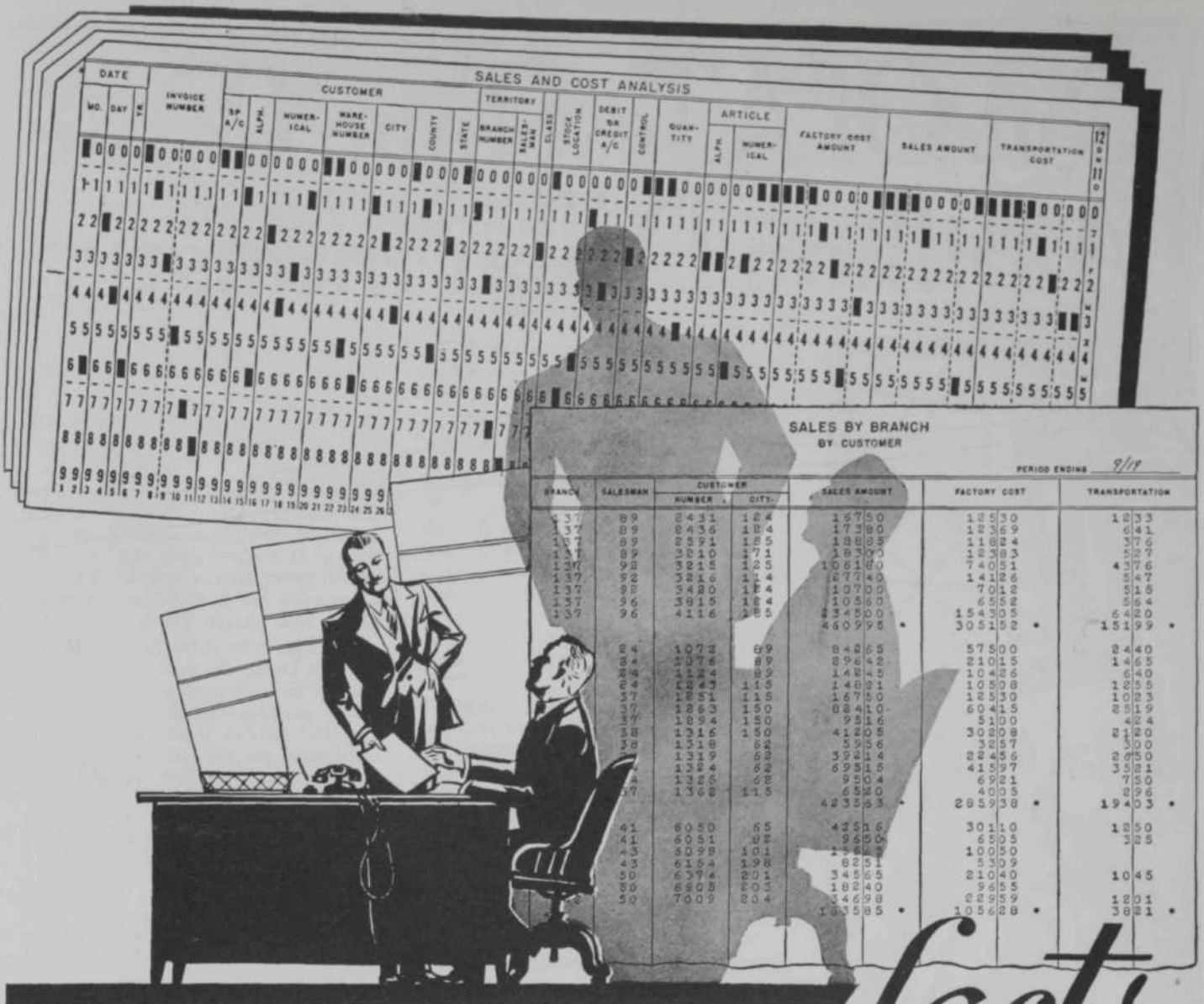
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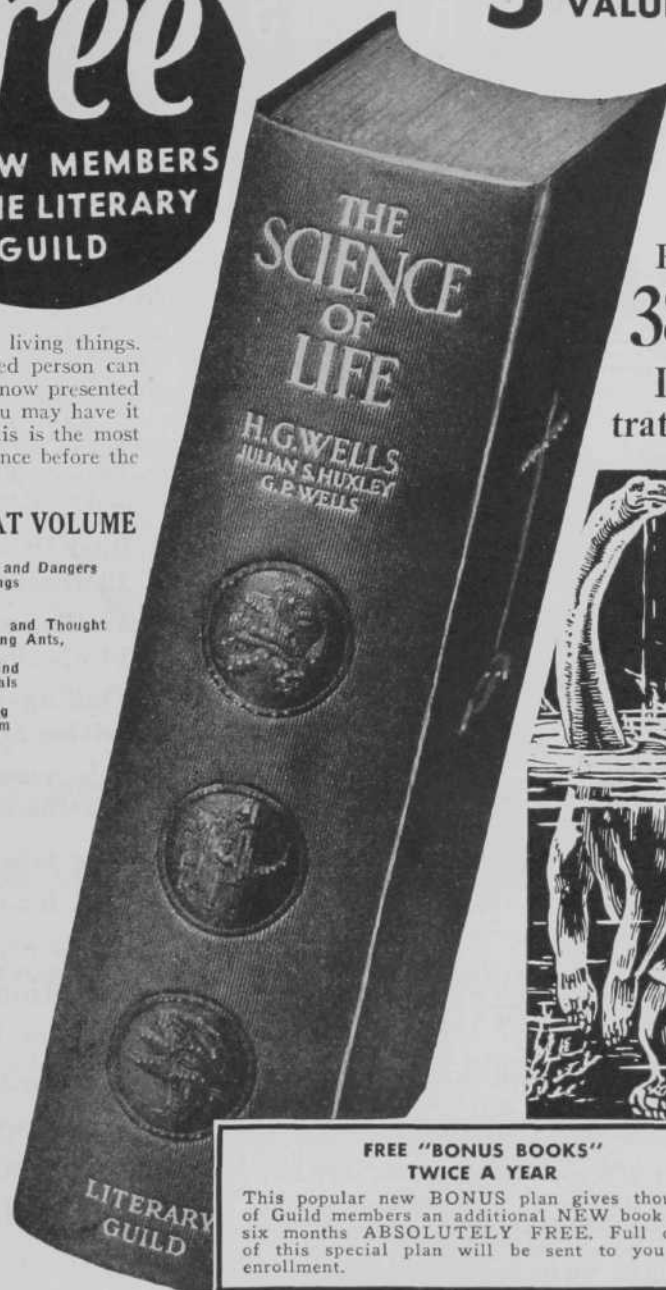
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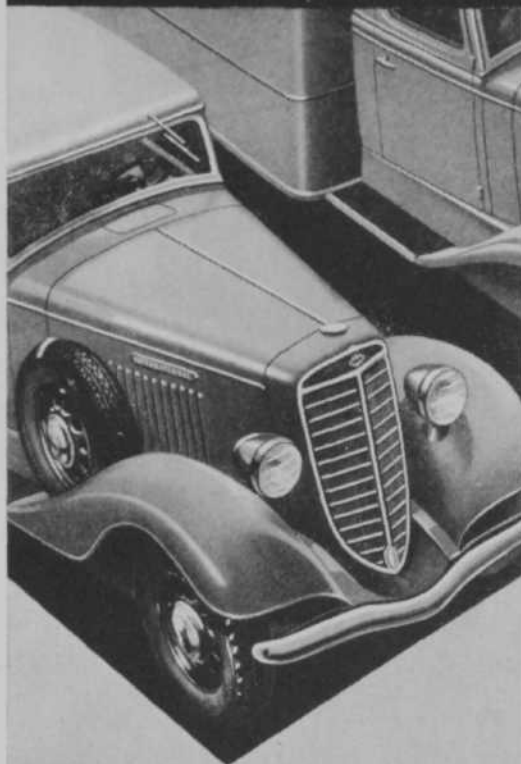


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## QUESTIONS our readers are asking:

- 1 • WILL the split in organized labor have any effect on the operation of my plant?  
ANSWER ON PAGE 15
- 2 • DOES communism affect policy-making of labor unions? . . . ON PAGE 16
- 3 • DID cooperation among industries stop when NRA was discontinued?  
ON PAGE 17
- 4 • ARE codes of fair competition a new development? . . . ON PAGE 18
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## NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

Merle Thorpe, Editor & Publisher

VOLUME 24

NUMBER 11

Managing Editor, RAYMOND C. WILLOUGHBY; Business Manager, J. B. WYCKOFF; Director of Advertising, E. V. THOMPSON; Circulation Manager, LAWRENCE F. HURLEY.

GENERAL OFFICE—Washington, U. S. Chamber Building. BRANCH OFFICES—New York, Graybar Bldg. San Francisco, 433 California Street. Dallas, 1101

Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers. SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00.

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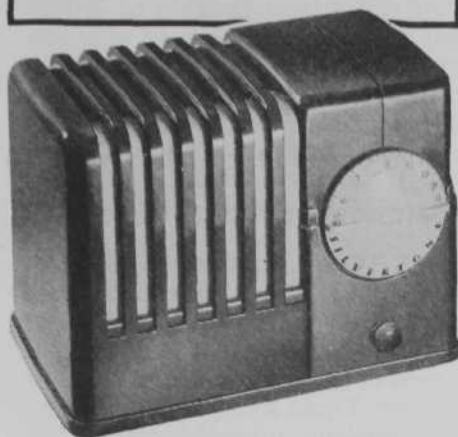
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# DUREZ

## Through the EDITOR'S SPECS

### Issues for everybody

ON THE eve of an election, "the most difficult to forecast since 1920," there is a feeling that the people will vote on personalities rather than on issues. That there are great issues waiting upon decision would be generally obvious were the people able to penetrate the mists of words which obscure the precious things at stake.

If any citizen were at loss for an issue he would have no trouble in discovering it in the field of taxation. Should the taxing power be used to effect social and economic changes, or should it be limited to revenue only? There is a whale of a question to invite lively and searching debate.

And just for good measure: What part of the national income is to be spent in expanding the scope of Government, if indeed it should be expanded? Will the "yardstick" attain a new regulatory dimension? Should public authority advance or retreat in the controversial regimentation of private industry? Is it the will of the people that the central Government concern itself with fixing wages and prices, with regulation of labor relations, with crop control and where people live?

No man who looks about him in this hour can plead lack of issues as reason for indifference to the course of government of the United States. Nor will it do to regard platform planks as only so much dead wood. The innumerable political contacts which now complicate the management of trade and industry are a reality to the business community. What kind of country this is to be is now in the making. The only need is to recognize an issue when it appears. An issue, as someone said, is something that walks right down the middle of the road, while all the politicians are hiding in the tall grass observing the direction it takes.

### Diagnosis of world ills

IF THERE is any comfort in the thought that this land has no monopoly of quackery in public affairs, it can be found in the address of Baron

Horder of Ashford, physician in ordinary to the King of England. He was speaking to a convention of doctors in London, and took occasion to warn the nation against "spurious remedies and panaceas prescribed by Europe's dictators." Said the Baron:

When the clash comes, if come it must, between these hordes of barbarians—there are civilized barbarians in the world—it may well be that the salvaging of the world or its doom will depend upon whether northern and western Europe and America have been able to preserve an individualistic society or, like the two opposing masses in the dictator countries, have yielded to the tremendous pressure of what may prove to be a bastard civilization and have caught the infection of despair. If our own individualists refuse to be tub-thumped or intimidated into pulp, all may yet be well and the clash may be averted.

To his question "What matters the color of men's shirts if they are soon to be their shrouds?" there is answer in part in his own tart comment:

"A plague upon both their blouses!"

### Service stripes for reliefees?

WILL a new pressure group emerge from the relief rolls? The political leverage would be enormous by any computation — 4,000,000 potential votes by one estimate. It is no compliment to American citizenship to harbor the thought that it can be organized on the basis of benefits received at the rest of the people's expense. Even the most partisan interest in the coming election is not likely to relish the idea of a group solidarity founded on the permanent expectation of tapping the public till.

Possibly the campaigns of the legionnaires is precedent enough for those who view Government as an imperishable dispenser of favors. In their resort to political tactics the service men could make a showing of sacrifice for the nation's honor. A way will be found, never fear, for the reliefees to capitalize patriotism in their own interest. Whatever the degree of individual need, the significance of a beneficiary class consciousness is ominous.

A rallying cry pitched to some such text as "They shall not starve!" would



# Waiting...



## UNTIL AFTER THE ELECTIONS?

This month marks the end of the traditional period of watchfulness during a presidential year—and the beginning of making plans for the future. Pressing questions must be settled now, and of primary importance is the problem of plant location! ★ ★ ★ Already many manufacturers have made inquiries in regard to re-locating their plants along the Chesapeake and Ohio. Even before the election they knew that it would be to their advantage to be close to tremendous sources of raw

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portend a lobby all the more powerful for the very weakness it would plead. The day the interpretation of relief shifts from the care of depression casualties to the keep of a perpetuating minority will be hastened by the subsidies which timid politicians grant even while they profess to abhor.

### Crutches for the able-bodied

WHETHER the relief problem persists because of local need or because it is fed and watered by a bottomless and remote beneficence is a question in need of a greater wattage of public scrutiny. Those who feel that municipal dependency upon the central Government continues by reason of the readiness and generosity of Federal aid, point to the improvement of local tax collections and credit.

Why civic beggary is still declared through WPA project signs, a good many citizens would like to know. How well the beneficiary cities are able to pay their own way would make an illuminating story in the public interest. One facet of this research would comprehend the funds earmarked for one purpose and then diverted to another.

New York provides a case in point. Years ago the city borrowed money to meet pressing obligations. Conditions of the loan required that a reserve be put aside to meet tax delinquency. Now that the situation suggests dropping this reserve from the annual budget, what to do with the money is something of a riddle. Good practice could readily argue its application toward tax reduction, to the care of the unemployed, toward cutting the WPA allotment by undertaking local improvements on the city's own. Report is otherwise. What comes to view is none of these commitments. It is restoration of pay cuts to municipal employees.

As long as the stream of gifts flows from the federal reservoir at a sign of local wishfulness, so long will the wishfulness continue by its own indulgence. Civic virtue cuts a poor figure not so much because its crutch is borrowed, but because in so many cases it is needless.

### Who's who in benefits?

EXPECTATION of a wheat importation of 42,500,000 bushels in 1936 provides its own commentary on current ideas of the perversity of nature's bounty at home. How much of this addition to the domestic crop is directly traceable to public policy in cutting acreage, and how much to drought and disease, no one can do more than intelligently guess. A former head of the National Live Stock



Association, Charles E. Collins of Kit Carson, Colo., doubts that the farm program makes sense.

"Farmers are asking what good it did to take 30,000,000 acres out of cultivation and then import from 15,000,000 foreign acres farm products that could have been raised here. And how much grain would have been carried over as reserve on the 5,000,000 acres of wheat and 12,000,000 acres of corn that farmers were paid for not planting in 1935?"

Breakdown of a planned economy could be amiably accepted as the consequence of well meaning zeal gone wrong were the consequence of error not so disturbing and so difficult to segregate. Certainly the logic of events is on the side of those who argue that the need for tapping foreign grain resources would not have developed to its current dimensions if the policy of acreage restriction had not been applied. What passes for help to the farmer invites further exploration as to whether it is the domestic or the foreign farmer who is the greater beneficiary.

## Making the instable stable

"THE Economics of Instability" is the suggestive title of a new course in the graduate school of the United States Department of Agriculture. The instructors are Dr. Mordecai Ezekial, one-time economic adviser to the Farm Board, now economic adviser to Secretary Wallace, and his running mate, Dr. Louis H. Bean of the AAA.

Our readers will recall Dr. Ezekial as the savant who worked out a logarithmic formula by which the price of hogs next April, say, could be predicted.

The course is in three intriguing parts. Part 1 is:

A critical examination of the laws of supply and demand with reference to the development of the theory of economic cycles under the normal operation of that law, and a comparison of this theoretical restatement with previous economic theory and statistical investigations.

Part 2 is equally incomprehensible to the lay mind save for that word "instability" which Dr. Ezekial has been teaching to Secretary Wallace, and which he now seeks to expound to the lesser fry in the Department of Agriculture. Part 2, according to the prospectus, is

An examination of the number of industries showing more or less continuous instability or cycles in the light of the theoretical principles developed, including both agricultural industries, such as hogs, cattle, sheep, and cotton, and non-agricultural industries such as shipbuilding, automobiles, clothing, etc.

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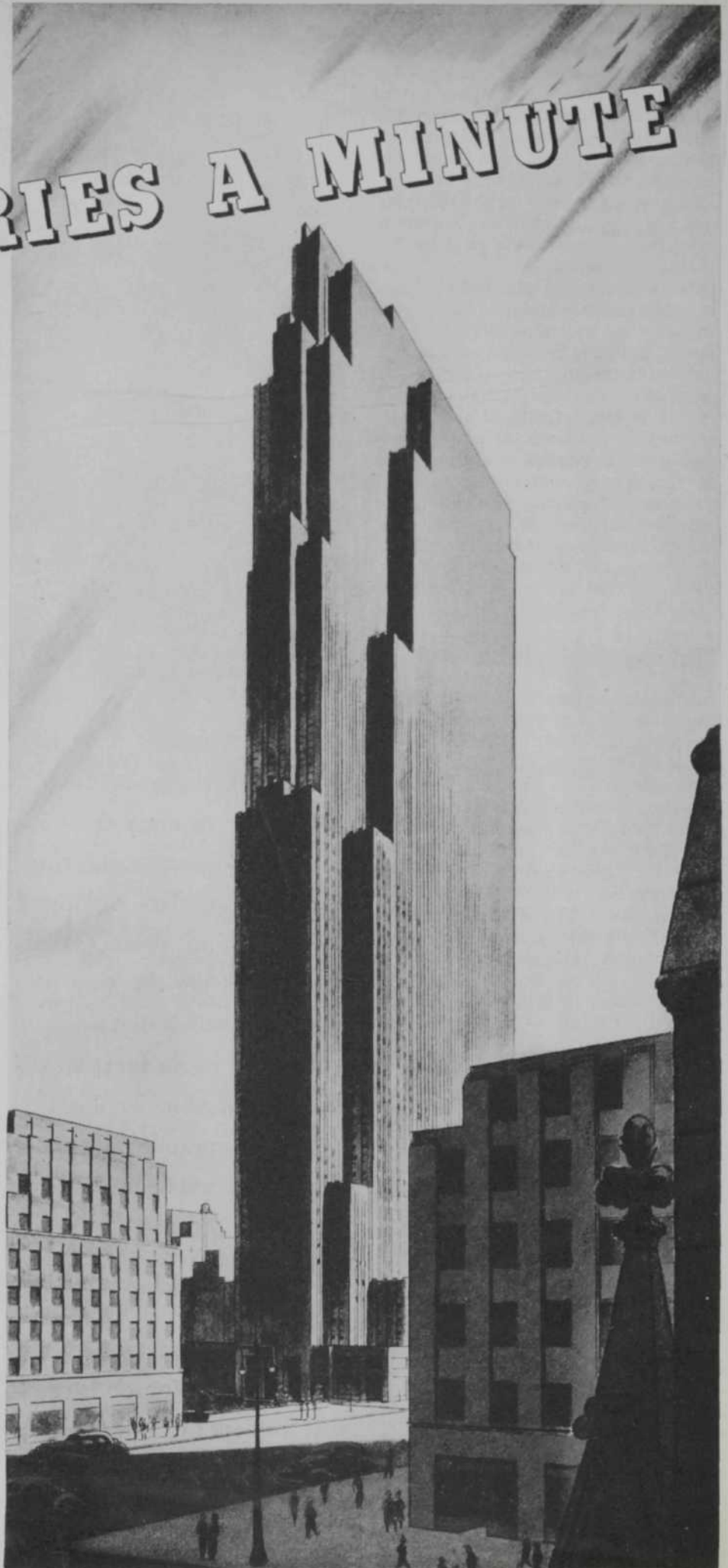
● Below the lofty pinnacle of Manhattan's RCA Building are offices, roof gardens, theatres, broadcasting studios, exhibition halls, and a labyrinth of corridors and shops, which all unite to form a true cross section of the world's activities. Connecting them for purposes of up-and-down transit and inter-communication are *the fastest passenger elevators in the world*, built by Westinghouse.

These elevators are the crowning accomplishment of a program inaugurated in 1921, when Westinghouse first applied the principle of Variable Voltage Control to "vertical transportation". A new epoch in skyscraper construction was at hand, and an amazing cycle of engineering developments followed in quick succession... precision landing at every floor; modern safety regulation; full automatic control with incredibly smooth performance; and express car speeds of more than *65 stories a minute!*

Taken all together, these new departures from earlier elevator practice ushered in a new day for the elevator industry, and comprise one of the brightest chapters in the annals of Westinghouse achievement over 50 years. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pa.



50 YEARS OF ACHIEVEMENT





its relation to business cycles, and its effect on the economy as a whole."

Only persons with an M. A. degree in economics may take the course.

## New blood in demand

WHEN successful leadership wears out and replacement is called for, can business count on the right men turning up? No doubt the question oversimplifies the problem of building up a reserve of executive personnel, a problem as persistent as it is real. It is even possible to argue that the strain to which leadership has been put by the hard going of the depression years is in large part explainable by the lack of an effective system for discovering and seasoning new men to share the burdens of management. Thought in that direction is advanced by Edward R. Stettinius, chairman of the finance committee of the United States Steel Corporation. At a session of the Harvard Business School Alumni, he said:

... the need is not so much for correction of business administration as it is for a more enlightened application of business knowledge; not for more government, but broader executive training. To me the crux of the situation is not so much the need for men, nor the scarcity of proven leaders, as it is the failure of American business management generally to introduce an orderly and methodical system for the discovery, development, and assignment of executive personnel.

Too much is at stake to rely blindly on the appearance of able men at need. Significant far beyond the occasion of their utterance, the words spoken at Cambridge invite consideration wherever the future of business is a concern. With money, merchandising, machines and materials, Mr. Stettinius pointed out, modern business men have learned to use scientific methods and have developed more and more exact techniques. But with men, he charged, corporations have continued to feel that genius and determination would open closed doors, and that, somehow, effective leadership would always be found on the threshold of every business. The times accent the requirement for another sort of business insurance. It will be found beyond the door that reads "Department of New Blood."

## Riches must work, too

IN THE economic currents which, to some observers, define a definite trend away from private investment toward state capitalism, the increasing pressure of taxation appears as a major influence. That the American way of life traces down to the availability of capital for use in promoting the country's progress on all fronts no one is likely to contest, obscured as use of investments may be by the complexi-

ties of the economic order. The question of who shall say where capital is to be put to work is the spring board of contention.

How taxation can revise traditional practice is brought to a timely focus of example by W. L. Clayton of the cotton brokerage house of Anderson Clayton & Company, Houston, Texas:

If Congress should pass a valid law taxing all incomes and inheritances above nominal amounts at a rate of 100 per cent, the right of private property would be substantially at an end in this country. State capitalism would then take the place of private capitalism and the State would henceforth be under the compulsion of providing the indispensable supplies of new capital.

While none except an alarmist is likely to insist that any such extremity of legislation is in view, the present state of affairs is substantial enough to constitute realism. No rhetoric in asking whether this country is headed for the collection and direction of capital by government. Obviously, the higher taxation mounts, the less able are the people in their rôles of savers and investors to finance the national will to grow and prosper. The public interest would be well served with an exploration of Mr. Clayton's cogent epitome of the usefulness of private means.

"A rich man's income, usefully re-invested year after year," he said, "constitutes not a charge on society, but a service to it."

## Poetry from 9 to 5

NEW YORK news men who interviewed John Masefield, England's poet laureate, on his way to attend Harvard's tercentenary celebration, report him as believing that "genius needs protection and subsidy." Poets especially, he feels, find the world inhospitable and prosy—"our poets have felt that they were not wanted, and many of them have despaired. They took to drink or riotous living. They shot themselves, drowned themselves, pitched themselves out of windows or took to writing advertisements. . . . It is absurd to take a great poet and make him turn out advertisements through the great creative years of his life."

To talk about advertising as though it were the cause of misspent poetic lives draws a long bow with a short string. Whether the daily grind of office work would prevent a true poet from coming to the full flower of his gift is variously debatable, of course. Not readily comes the thought that the versifiers who made Sunny Jim and Spotless Town shine for the nation were hapless drudges chained to the desks of commerce. Genius that winces at the first touch of the workaday world raises its own question of its genuineness.

# P A I N T

"After all, you can't expect men not to judge by appearances. . . ."



Oldtime alchemists are usually referred to as dimwits because they thought they could find one metal which would do everything. But there has long been the same kind of search going on in modern times for a plant paint which would do everything economically and well. Sherwin-Williams Paint Engineers predict no such elixir of a paint will ever be found.

But some paints do a lot of chores. Take Sherwin-Williams Save-Lite (for walls and ceilings). With its high light reflection value it's a first aid to lighting, to safety, to faster production and to lower unit costs. It's the plant conditioning paint. And where plant conditions are badly beset by fumes, chemical, smoke, etc., Fume Proof Save-Lite goes to work.

A new report has just been published by the Sherwin-Williams Co. entitled "An Analysis of Plant Conditioning" which should be in the hands of every executive anxious to improve the efficiency and appearance of his plant, to protect it against decay and depreciation. The report covers plant painting in many different industries.

It is more than a story of plant painting. It was prepared by engineering-minded men as a practical reference guide on paint and plant maintenance. Included are eight pages of photographs, case histories, data on unit costs, lighting standards for shops and factories, a check list for maintenance, and other information of the highest practical painting value.

This report will be sent free on request. The edition is not large, so send this coupon as promptly as possible.

THE SHERWIN-WILLIAMS CO.  
Department NB  
Cleveland, Ohio.



Please send me your report "An Analysis of Plant Conditioning."


Name .....

Address .....

City .....





The world over more people  
ride on GOOD  YEAR TIRES  
than on any other kind!

THERE'S A  
GOOD  YEAR  
BATTERY  
NOW!



## The Retailer Now Takes the Rap

NOW THAT THE BANKERS, commercial aviators, manufacturers, telephone heads, brokers, coal operators, power and light managers, have run the gauntlet of political attack, the last brigade of America's industrial army, the retailers, come under fire. On every front they are beset with refinements of regulation, and new styles in public competition.

The trek to Washington has begun to find out what the Robinson-Patman anti-price discrimination Act is, and how, and when, and under what circumstances. Even as business hesitates while it gets its bearings, comes the ominous word that Representative Patman will sire another measure to bar manufacturers from retailing by making illegal the transportation of merchandise for retail sale by the manufacturer or an affiliate of the manufacturer.

The talk for popular consumption is, of course, that the legislative artillery is aimed at the "big fellows." But the truth is no retailer is immune when the bombardment becomes general. Already the retail affiliations with small manufacturers, department stores with factory connections, are in the line of fire. Outlets of oil and tire manufacturers, branch agencies of automobile makers, will no sooner get out of range of the present law than they will have new legislation to consider.

At the same time the retailer hears the rattle of musketry on both flanks. Private organizers and public reformers preach the cooperative movement as the road to consumer independence. The lure of an annual rebate is garnished with promises to eliminate poverty, share the wealth, and end war.

Joyful cooperative tidings are brought from Sweden, England, Czecho-Slovakia, even India and Japan, by government promoters who see in the foreign experience "a different order of civilization," "a new kind of Christianity." American merchants are urged to surrender their title

of ownership for a cooperative commonwealth where profits are non-existent and the unholy struggle for consumer favor is forever ended.

The American retailer may idly wonder why we must spade up poverty-ridden foreign soil, for example, to convert comparatively well fed and substantial American citizenry to the "Utopias" of Europe.

How are the mighty fallen! Just now it is the national habit to be awe-struck with alleged European supremacy. We "are 20 years behind Germany in social insurance," says a Cabinet official. "Look at Britain and housing;" "see Italy's controls on working hours"—not to mention the ABC's and XYZ's of Russia.

Merchandising plans which fit low-wage earners of Europe may not be accepted by Americans who ride to work in their own automobiles and whose wives have telephones at their elbows. Again, the heralded success of the cooperative idea in Europe and Japan, if judged by our standards, may be no success at all.

No one who believes in free enterprise can object to cooperatives. Nor does the progressive merchant fear the competition. He has reason to fear only when his government encourages, aids and abets such competition. He has reason for irritation and even anger when the funds he turns over to tax collectors come back to his town in the form of a subsidized competitor across the street.

If the retailer is wise, he will inform his state and national legislators that public treasury vaults are not pay stations from which funds may be drawn to open up a cooperative store at every crossroads and vacant building lot in the country. He should likewise inform his legislative representatives—and the public—that the more regulatory refinements, the higher prices consumers must pay.

*Muriel Thorne*



## CHARTING THE COURSE

America is today finding its way to new horizons. With intriguing seas ahead, the Mimeograph becomes an increasingly important tool in safe navigation. First in the field of stencil duplication, it has pioneered every far-reaching betterment of the art. On performance, it rates as the standard duplicator of the world, with a range of effective action which defies imitation. Today its complete mastery of its job is highlighted by clear-cut reproductions of cartoons, charts, diagrams, pictures—almost any kind of illustration workable in line. From simple typing to elaborate design, the Mimeograph makes finely printed copies at low cost and with matchless speed. For better navigation in business and education, learn what it can do for you today. Address A. B. Dick Company, Chicago, or see classified telephone directory for local address.

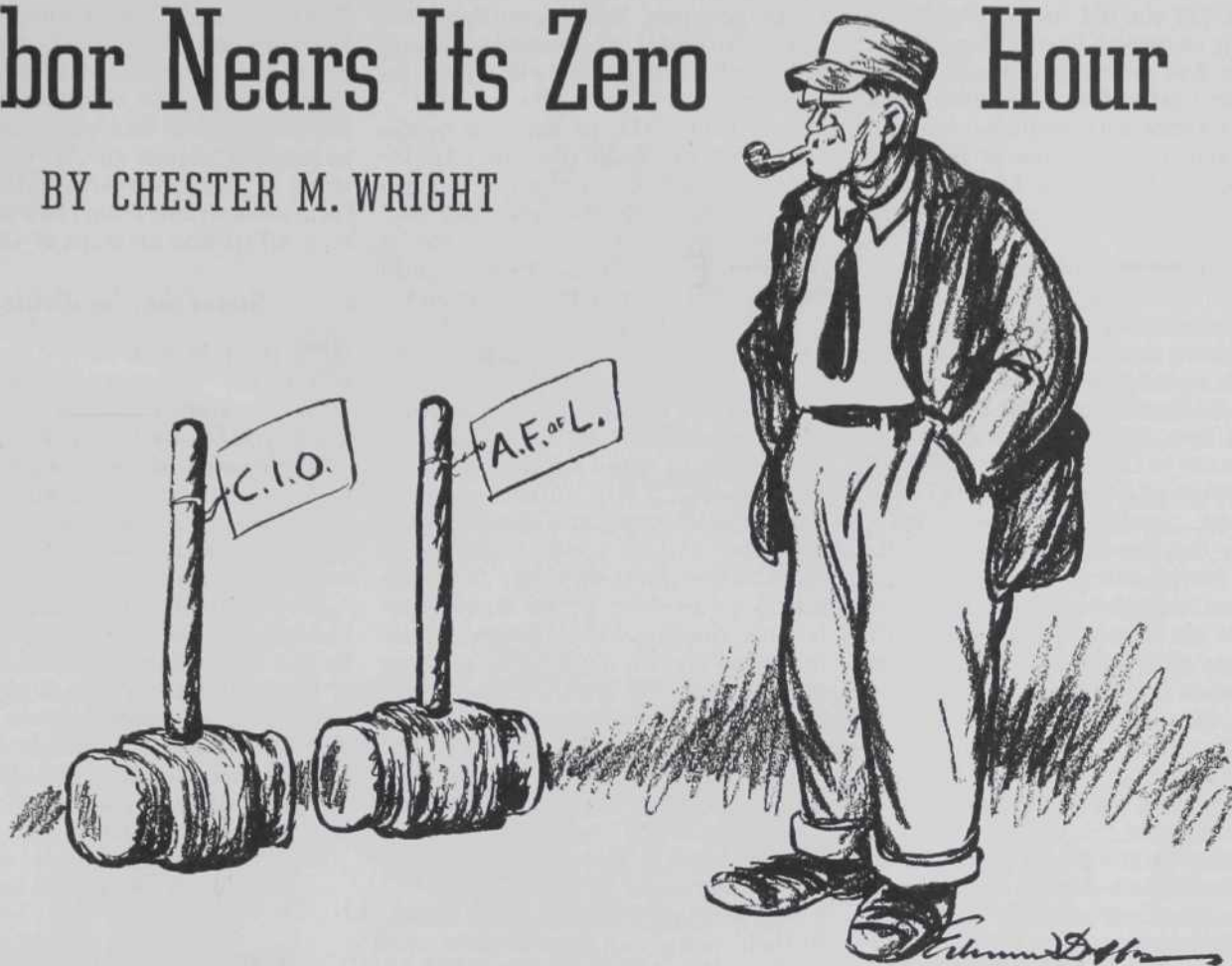
# M I M E O G R A P H





# Labor Nears Its Zero Hour

BY CHESTER M. WRIGHT



CARTOONS BY EDMUND DUFFY

STRIFE between rival labor unions seems unavoidable. Those who understand the nature of the struggle will be best prepared to protect themselves

**I**N JUST a few days the American Federation of Labor will assemble in national convention in Tampa, where (barring a miracle) it will solemnly declare that the charters of ten national and international unions are "hereby revoked." Within the ranks of those ten unions are something more than a third of the membership of the Federation; and each member has paid, in the past, one cent a month to the Federation treasury.

The Federation convention will open November 16 and at some point in the succeeding two weeks the revocation order will go forth, by vote of the delegates. Not by unanimous vote, but by an overwhelming majority of the roll call tabulation. The ten unions

to be ousted will not be in attendance to vote against the proposal, because, being now suspended, they are ineligible to seats and votes.

Civil conflict will begin automatically at once. The effects of that conflict will be felt far into the side lines and nobody can look upon its coming with equanimity.

Never, in all the history of labor unionism in the United States, has so much confusion obtained. Until the last half dozen years even the superficial students of labor could have a fairly accurate idea of what labor "was all about." There was the American Federation of Labor, with a settled and uniform policy. There was a minority, or a dual or rival movement,

with a fairly clear policy. Through successive years it was the Western Federation of Miners, the I. W. W., the One Big Union, or some lesser manifestation of much the same type.

The World War cleared the decks of much of the minority or dual strength and unified the ranks within the A. F. of L. But no such simple and easy situation exists today. There is a considerable catalog of minority groups, rival philosophies and policies and general conflict of interest and purpose.

When the division has been accomplished in Tampa the two most powerful groups will be, of course, the American Federation of Labor and its dismembered third, now known as the Committee for Industrial Organization, or the CIO. Within themselves, these groups will have fairly definite policies but this will be more nearly true of the CIO than of the A. F. of L. because within the A. F. of L., there will be some whose sympathies go to the CIO and such divided houses as



the International Longshoremen's Association, in which the rising Harry Bridges represents a policy at complete variance with the policy of ILA President Joseph A. Ryan.

### Several unions have minorities

BRIDGES started in San Francisco, moving eastward to challenge Ryan; and he has moved eastward to such purpose that in late September he sat in conference with employers in New York and held veto power over provisions that he regarded as objectionable in the wage agreement there negotiated.

More than one international union has its protesting, urging minority, though none as potent as Bridges. And there are some dual or rival unions, as in the boot and shoe industry. All of this sums up to the fact that there is a considerable labor movement to the left of the American Federation of Labor, not united or integrated, possibly capable of unity, but for the present making a picture of confusion and crosscurrents.

Likewise in the confused industrial picture we have what labor calls the company unions. When such organizations were first formed, long-visioned labor leaders predicted that in time these would find their way to the organized labor movement. That prophecy began to have fulfillment about two years ago.

Within the labor field there also are communist and fascist influences—how much of either one, no one can say with any accuracy. There is, quite obviously, more of communism than of fascism. The Moscow order of some

two years ago disbanding the separate communist unions and sending all communists into the ranks of the regular unions has made for anonymity and today it is not possible to put a finger on the communist strength. That it is at work is not to be denied. That it controls policy-making is nonsense, however. But it probably does act as an irritant, something like a philosophical hot tamale in certain localities.

Into this realm of existing confusion there will come the Great Divide of labor's major forces and it is more than likely that Thanksgiving Day will just about mark the conclusion of the operation. If the result were to be merely that ten unions formerly in the Federation were to be out of it henceforth, it would be a relatively simple affair. That is not how it will be.

Look for a moment at the structure of the American Federation of Labor. It is what its name implies—a "Federation" of largely autonomous national and international unions. Those that are called international have Canadian memberships. To facilitate action to advance definite group interests, the Federation years ago established certain departments. These are the Building Trades Department, the Metal Trades Department, the Railway Employees' Department, the Union Labor Trades Department, each chartered by the Federation, each including in membership those unions having membership in the fields described.

The printing trades have established their own group organization, controlling the Allied Printing Trades union label.

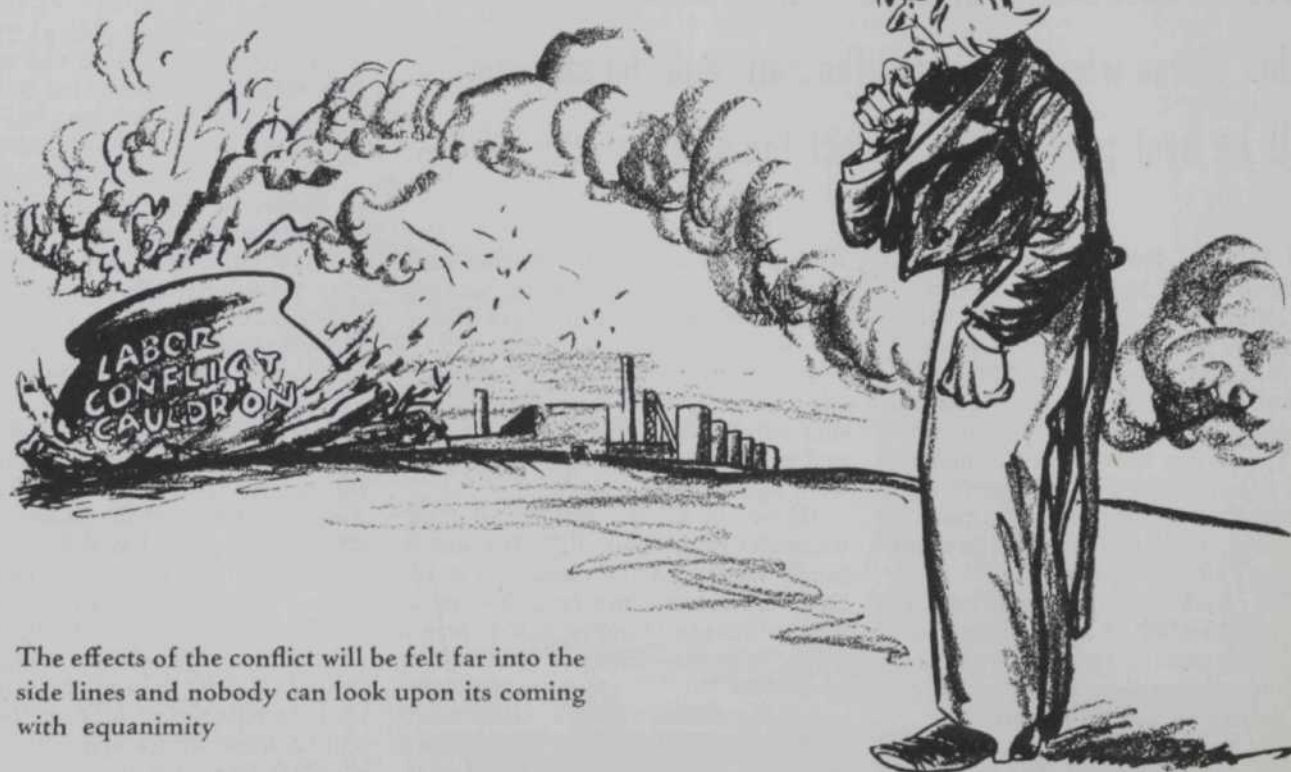
When the ten CIO unions are marched definitely out of the American Federation of Labor, the Departments will have to dissociate such of them as are in the Departments. For example, the Union Label Trades Department will have to dissociate the International Ladies' Garment Workers and the United Textile Workers, which are CIO unions, and which can be expected to develop independently their own labels and label campaigns. The other three Departments include no CIO unions, but there is reason to believe that some future desertions from the Federation may affect one or more of them.

### States may be divided

BUT it is in the states and cities where the greatest havoc will be wrought. State Federations of Labor are chartered by the A. F. of L. and are composed of local unions within the state. Thus the local unions, of all types, within a state, are banded together for action on matters of state interest, largely legislative.

City Central bodies, usually called Central Labor Councils, are chartered by the Federation and are composed of local unions of all kinds within the city. A given central labor council may and often does include affiliated local unions of miners, clothing workers, machinists, plumbers, carpenters, oil workers and so on.

Similarly, cities have Building  
(Continued on page 80)



The effects of the conflict will be felt far into the side lines and nobody can look upon its coming with equanimity



# Codes, Before NRA and After

BY FELIX BRUNER

**F**AIR trade practice codes neither began nor ended with the NRA. The reign of the Blue Eagle was merely a strange interlude in a program of business cooperation which started as long ago as 1919 and which at present is growing in popularity and effectiveness.

Amid the screaming of the Blue Eagle, the NRA merely dramatized, and confused, a process which already had been well established in American business and which had been operating smoothly under the Federal Trade Commission. Long before the NRA, many business groups already were gathered under codes providing for fair trade practices, the elimination of unfair competition, and self-discipline. When, in May, 1935, the Supreme Court decided the National Industrial Recovery Act was unconstitutional, code making continued, quietly, without flag-waving, cracking down or blatant publicity.

The Federal Trade Commission, created in 1914, has the specific duty of preventing unfair methods of competition in interstate commerce. From the exercise of this function grew the code idea—the idea that it would be more satisfactory all around for industries to police themselves than to have the Government forever “cracking down” on those who violated laws governing fair competition.

Early in the history of the Federal Trade Commission, several industries suggested that the way to eliminate wholesale abuses would be for those



PHOTO CARTOONS BY GEORGE LOHR

Since 1919 the Federal Trade Commission has sponsored a program of business cooperation

**FRIENDS of NRA declared that its death would mean an era of cutthroat business competition. Here is what actually happened**

within a given industry to get together, agree as to which practices were fair and which were not, and to pledge their members to abide by this agreement. This plan succeeded so well that, in 1926, the Commission created a division of trade practice conferences.

The trade practice conference affords a means whereby representatives of any industry may voluntarily assemble and, under the auspices of the Federal Trade Commission, consider prevailing unfair trade practices and collectively agree upon and provide for their abandonment in cooperation with the Commission, thus

placing all members of the industry concerned on an equally fair competitive basis insofar as trade practices are concerned.

The voluntary nature of trade practice conferences and of trade practice agreements is stressed. The law creating the Commission does not mention trade practice agreements or codes of any kind. The Government did not originate or even suggest them. They were the children of business itself, kidnaped and held for a time by the NRA, but finally restored to their rightful parents.

The Federal Trade Commission can produce no such grandiose figures as those which poured from the mimeographs of the NRA. It can, however, show a steady history of frictionless accomplishment and it can prove that business is more than willing to cooperate to prevent abuses, that whip-cracking is

altogether unnecessary.

About 175 trade practice conferences have been held, most of them resulting in the adoption of trade practice rules. Since June 1, 1935, eight such conferences have been conducted and trade practice rules formulated, approved by the Commission and adopted by industries. But this tells only a part of the story.

Rules formulated for at least 11 other industries are waiting final approval. In addition, 30 or more other applications for trade practice conferences have been filed and preliminary negotiations are under way.

Rules have been finally promul-



gated, and are in effect, for the following industries:

Wholesale tobacco trade; investment \$150,000,000; annual sales volume \$1,000,000,000; number of employees, 60,000.

Fire extinguisher appliance manufacturing industry; sales volume in 1934, \$4,150,000; capital investment \$7,500,000; number of employees 3,000.

Vegetable ivory button manufacturers; sales volume exceeding \$2,000,000; investment \$5,000,000; employees 1,500.

Paper drinking straw manufacturing industry; sales volume \$1,000,000; investment not given; number of employees 500.

Buff polishing wheel manufacturers; sales volume exceeding \$4,000,000; investment not stated; employees 1,200.

Eight subdivisions of the cotton converting industry; annual sales between \$400,000,000 and \$500,000,000; investment \$250,000,000; employees 10,000.

Flat glass manufacturers and distributors; annual sales volume \$200,000,000; investment \$125,000,000; employees 25,000.

Ladies handbag manufacturing industry; annual sales \$44,000,000; investment not stated; employees 15,000.

Trade practice rules for the following industries have been approved by the commission and will be promulgated when finally accepted by committees of the industries.

Juvenile wheel goods manufacturers; sales volume \$10,000,000; investment not given; number of employees 10,000.

Spiral tube core manufacturing industry; sales volume \$1,500,000; no information as to investment and number of employees.

In addition, conferences have been conducted, rules have been proposed and are now awaiting final action by the following industries:

Radio receiving set manufacturers; investment \$50,000,000; number of employees 30,000 to 50,000.

Fertilizer industry; investment \$500,000,000; number of employees, 30,000.

Preserve manufacturing industry; investment not given; annual sales over \$25,000,000; number of employees, 4,000.

Steel tubular firebox boiler industry; investment not stated; number of employees, 3,000.

Petroleum industry east of the Rocky mountains; investment \$12,000,000,000; number of employees, 999,800.

Mirror manufacturing industry; investment and number of employees not stated.

Private home study schools; investment not given; number of employees, 10,000.

Rubber tire industry; investment \$2,000,000,000; number of employees, 150,000 to 250,000.

School supplies equipment industry; investment not stated; number of employees not given.

All of these things have been accomplished since the demise of the NRA, and the work is speeding up.

Inquiries and applications for trade conferences are increasing as is the number of conferences being held. Surely this refutes the argument that business has to be coerced into maintaining fair competition standards and being generally decent.

### Code making is stimulated

TWO events within the past year gave impetus to code making. One was the Supreme Court decision in the Sugar Institute case. The other was the enactment of the Robinson-Patman Act.

In the Sugar Institute case, the Supreme Court said:

Voluntary action to end abuses and to foster fair competitive opportunities in the public interest may be more effective than legal processes. And cooperative endeavor may appropriately have wider objectives than merely the removal of evils which are infractions of positive law.

This confirmed the attitude of industries operating under fair trade practice agreements and of the Federal Trade Commission. If representa-

tion . . . is forbidden when the necessary tendency is to destroy the kind of competition to which the public has looked for protection.

Trade practice agreements follow generally similar lines. The rules adopted are of two kinds. The first group covers practices that are clearly illegal. The Federal Trade Commission undertakes, in fact is required, to prohibit the use of practices covered by these rules, whether or not they are part of an agreement.

The second group includes rules which the industry itself establishes and by which it undertakes to abide. Practices included in this second group may or may not constitute infractions of law, depending upon circumstances in the particular case.

Practices covered by the first group of rules usually include such things as secret rebates, false branding, trade-mark infringement, price discrimination in violation of the Clayton act, use of false or deceptive selling methods, false advertising, commercial bribery, operation of lotteries, issuance of false invoices, and the like. These provisions are nearly uniform for all industries.

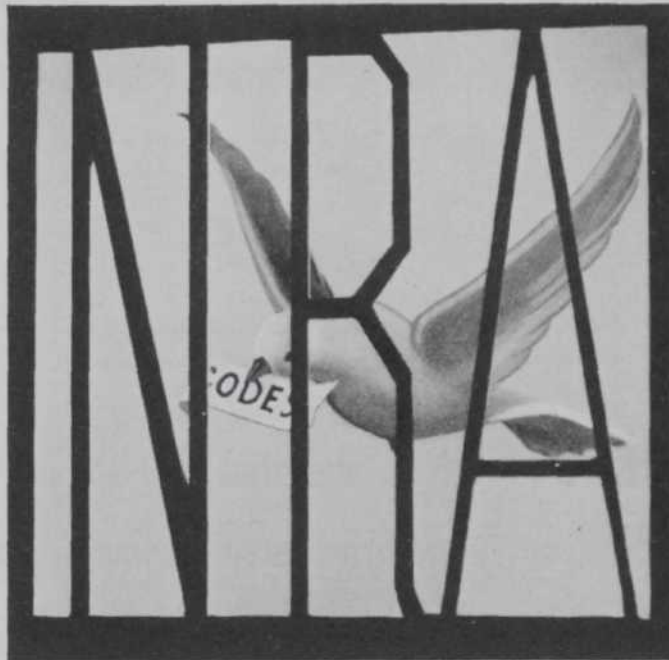
The second group of rules covers acts which the industry considers to be unethical, uneconomical or otherwise objectionable, and provides for acts which promote sound business methods which the industry desires to encourage. They generally cover activities peculiar to the particular industry. Such practices as shipping on consignment, publishing of open prices, cancellation of contracts, the manner in which specifications shall be written, and, in one instance, even an agreement not to do business on Sunday, have been covered by these rules.

Discussing the agreements, Charles H. March, Commission chairman, said:

By this procedure, often the unfair and dishonest practices of an entire industry are corrected at a single conference; whereas, if it were necessary to take action against each individual offender, hundreds of proceedings might have to be instituted.

The Commission's trade conference procedure usually leads to the prompt abandonment of unfair practices by the entire industry concerned. Moreover, an industry thus grows into the habit of policing itself, and its honest members, who constitute the large majority, cooperate in bringing about enforcement of the law.

Enactment of the Robinson-Patman Act appears certain to stimulate ap-



The code idea was kidnaped and held captive, rather than hatched, by the NRA

tives of industries merely met and agreed to abide by the laws on the statute books they would have made the task of law enforcement easier for the Government, but they would have accomplished little more. Agreements, as the Supreme Court suggested, go considerably beyond "the removal of evils which are infractions of positive laws." They must, of course, remain within the limits of established law. The Supreme Court said in the Linseed Oil Case:

. . . concerted action through combina-



plications for trade practice conferences. The new Act greatly broadens the law against discriminations. One of the most frequently requested rules in trade practice conferences has to do with prohibition of selling below cost. It is believed the restrictions included in the new legislation will tend to bring about more requests for agreements on this subject. The provisions of the Robinson-Patman Act still are extremely confusing and the Trade Commission is trying to help industry interpret them, although it is agreed that final court interpretations probably will be necessary in many instances before the law is fully understood.

### Limited to fair practices

IN this discussion, one decided difference between the codes of the NRA and those of the FTC must be pointed out—the latter include no labor provisions. The Federal Trade Commission is concerned only with the matter of fair business practices. It has no authority under the law, or otherwise, to concern itself with wages, hours and working conditions.

It was on labor provisions of the codes that the NRA cracked up even before the Schechter decision. It attempted to bring together two only remotely related subjects—fair trade practices and fair employment practices—and to play one against the other. The zeal of most NRA officials in obtaining labor provisions far outran their interest in fair trade practices. The NRA tried to combine a reemployment drive with an effort to regulate competition. The plan did not work.

After the Schechter decision, immediate steps were taken to restore the trade practice functions to the Federal Trade Commission, and an effort was made to establish, in addition, agreements applying to hours and wages. An executive order dated September 26, 1935, authorized the Commission to approve certain trade practice agreements submitted pursuant to the provisions of the National Industrial Recovery Act. Labor provisions were to be submitted separately and were to be subject to approval of the President after an NRA organization, kept intact by a congressional resolution, had passed upon them.

The order was so worded that no



Business men have learned at great expense that it is frequently impossible to tell what a law means without being dragged into court

trade practice agreement could be promulgated until after a labor agreement had been approved.

Thus the functions of the Federal Trade Commission in respect to trade practice agreements were again recognized, but they were bound about with such restrictions that little progress could be made. With the final dissolution of the NRA, the restrictions were removed and the division of trade practice conferences resumed its functions.

Compliance with trade practice rules, once they are promulgated, is usually general within an industry, the Commission has found.

### Compliance easily obtained

"EXPERIENCE has shown," says Robert E. Freer, a member of the Commission, "that compliance with the rules established through trade practice conference procedure is not a difficult problem. Business men usually respect their agreements."

There is, however, one difficulty that probably will continue to exist in the formulation of trade practice rules that are not strictly statutory. That is the question of how far an industry may go without running afoul of the anti-trust laws. The Federal

Trade Commission is not a court. It can advise industry and give it the benefit of its study and judgment in the light of precedent, but there always exists a borderline between what is plainly lawful and what is plainly unlawful.

The question of open prices comes under this category. The Commission is trying to formulate a definite policy in this connection.

But Commissioner Freer points out, "even after our studies are completed and pending rules either approved or rejected, the Commission cannot be expected to provide such definite advance advice as will assure an industry desiring to experiment in a doubtful zone of cooperative dealing with business questions that it will not come into conflict with the law."

As many men inside and outside of business have learned, at great expense, it is frequently impossible to find out what the law is in a given circumstance without being dragged before a court.

Nevertheless, enough of the law is sufficiently plain to make trade agreements possible, to permit industry to regulate itself in the public interest—and this industry has shown itself willing and ready to do.



# And May the Best

BY HERBERT COREY



If they can build up their arguments on facts, they are safe. If they wander into eloquent generalities they will find that most of them have been said before and many are not true

PERHAPS my wish has again become a father. But it seems to me that the young folks are about to make the first really impartial examination of the problem of public ownership ever attempted in this country. Maybe I'm wrong. But I think they will prove to be not only a competent but an unselfish jury.

A boy has a sharper eye for a lie than he ever will have after he grows up. I know I had. A good man told me that Abraham Lincoln was murdered in a church because he had some hazy idea that my young soul should be protected against the discovery that there were such hell-holes as theaters. I despised him for years after I found him out.

Maturity brings tolerance for falsehoods. We older people recognize that a little lying now and then is practiced by the best of men. To the youngsters white is white and black is black. When they begin to dig into the public ownership problem they will not be influenced by gray hairs or odors of sanctity or deep, melodious quavers.

"What are the facts?" they will ask.

At least, I believe they will.

"Never mind eloquence. We can supply that for ourselves. Just now we want tangible facts that can be proven. If we catch any of you old men lying you'll stand in a corner until the cows come home."

One hundred and twenty thousand students will soon be debating the question set by the National University Extension Association for the 1936-1937 season:

"Resolved, that all electric utilities should be governmentally owned."

Schools in every state will participate under the auspices of cooperating members. The National Forensic League and the High School Honorary Speech Society with memberships in 500 or more schools will take part. High school debating teams began gathering material in September and some of the earlier discussions were heard in that month. Many of the high school teams will take part in 60 or 70 elimination contests in their effort to win the National High School Debating Championship.

The 1936-37 debate on government ownership of utilities will be the tenth annual debate of the University Extension Association. It should be lively.



# Man Win...

WHEN 120,000 high school students debate the question: "Resolved, that all electric utilities should be governmentally owned," the public is promised the first really impartial examination of the problem

The debaters will find a way to get the facts

They will learn that, often, coal is cheaper than water power



PHOTOGRAPHS BY GEORGE LOHR

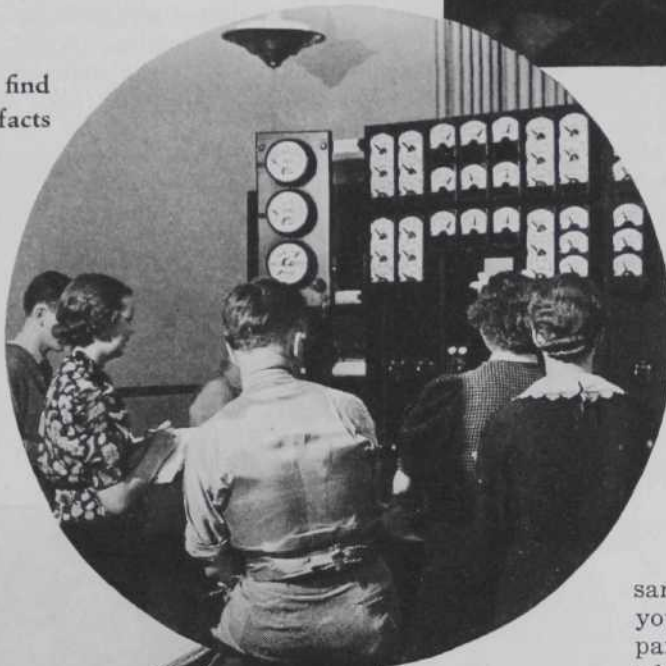
The debate will demand independent research, not thumbing of histories

Every American is at heart a politician, or should be, and there are plenty of politics in that topic. It will demand independent research by the students instead of a thumbing of histories. It may prove to be, as I said at the beginning, the only dispassionate and widespread examination of the question that has ever been attempted. The older men who have been discussing it have been partisans. When government tries to take your property from you, you become a partisan right away. There are men whose arteries stand out like corduroy when they read that U. S. Senator

George W. Norris has given the Power Trust another ride. Dr. Arthur E. Morgan would be pained if he were to hear himself scandalized by men who believe hardly any of the good things he says of the TVA. Men who think the Government has no moral right to compete with private business insist that their arguments are not answered when David A. Lilienthal calls them pygmies of Wall Street.

The young men and women of the debating contest will not be hampered by previous partisanship. Not one of the 120,000, at a guess, has an investment in the utilities. At least he has not an investment that he worked for and that his wife saved by doing her own cooking. Not many of them have bone-deep political prejudices. They know that they are growing up in a world that is shifting values rapidly and they are prepared to keep the pace. If the reader wants to know what his adolescent son or daughter thinks of tub-thumpers let him listen in the next time a bunch of the youngsters get together on the front porch.

But they are pretty hot stuff on fact. The constant





challenge that is found in their deliberations is: "That's not so. Prove it."

Both sides to the controversy have been called on to supply facts. The leading believers that Government should own all and boss all from Washington are sending supporting arguments as rapidly as possible. The outstanding figures in the utility industry find their mail speckled with letters from students asking information or replies to specific questions. Both sides recognize the importance of the debate and are cooperating with the students. No decision on the merits of the case can be made, of course. The winners will be selected according to the fashion in which they have selected and marshalled facts.

### An influence on public opinion

BUT it should be remembered that the 120,000 participants are presumably the future leaders of our country. In the second line are their schoolmates who, because they lack forensic ability or industry in study, are not in the debate, but must be interested in it if only as a sporting event. The third line is made up of the parents and friends of the first and second line. They may have been no more definitely interested by the problem of public ownership than in Chang's troubles in China but they will follow the debate because they know the debaters. It is not possible that it will not have an influence on public opinion.

Of course, many of the youngsters will be swept away on waves of hooley. Many of their elders have been. They may mistake a mirage for a green pasture. Some of their elders have made the same mistake. They may get pretty vehement about Wall Street and the Power Trust and the wrongs of the Common People. This detachment will go oratorical on us.

But, because I have an immense confidence in youth's clear-thinking and intolerance for vocal mush, I believe that most of the debaters will find a way to get down to the bed-rock facts. If this debate is won by sweet words and honeyed phrases, then I have the young fellows sized up all wrong.

In their inquiry into the fundamentals they will discover that some believe that the utilities must be taken from their private owners because the state has been unable to regulate them. They will first inquire whether it is true that the state has failed to regulate them. They may then ask where the state that has been unable to find men with the intelligence and courage necessary to regulate the utilities will find men equal to the far more difficult task of managing them. They will hear abuse from both sides. They

will conclude that a good many men are liars and that the suppression of fact is as great a lie as twisting it. They will assume that there are honest men, fools and knaves on both sides. But I believe the young folks will discard the nonsense. What they will want to know—unless I am as wrong as Old Mother Shipton—are the facts.

Here are some to start with which will be accepted by both sides. From \$12,000,000,000 to \$17,000,000,000 is invested in the industry. No one knows the true figure. It makes no difference. About 300,000 persons are employed. There is no complaint, so far as I know, of the way the industry treats its employees. More persons in each thousand enjoy the use of electricity than in any other country. Rates are lower than in any country except where the Government subsidizes industry.

Every dollar a Government puts into this or any other business must be taken from the taxpayer. If disputes arise between a utility and the state body which regulates it, they are settled in the courts. The only alternative to this method would be arbitrary and uncontrolled rule by bureaucrats. One of the most violent complaints of those favoring public ownership is that the courts sometimes disagree with them.

I am sure that no one can take exception to any of the preceding statements.

The students will next learn that the industry as a whole has pursued a rate-lowering policy. They will discover that the justice of the rates has been widely attacked, but that the industry has complied with the big-volume, small-profit plan which guides American industry.

The students will find that many a politician has found the harpoon against the utilities to be the most effective weapon in his armory. They will discover some of the

mistakes that some of the utility leaders made. They will find that utility securities were regarded as the highest type of investment and the utility industry as extremely stable until the political attacks became dangerous. They will judge for themselves just what are holding companies. The most blatant politicians charge that holding companies are octopi which suck the blood of the operating companies. The students at this point will try to keep their blood pressure down until they can get the facts. The opposition will insist that the unexampled expansion and efficiency of the American operating company are due to the financial aid and skilled management afforded by the holding companies.

They will find Senator Norris convinced that there is a Power Trust, and that the map of inter-connecting  
(Continued on page 94)



A boy has a sharper eye for a lie than he will ever have again. To him white is white and black is black



# How to Diffuse Purchasing Power

BY THOMAS NIXON CARVER

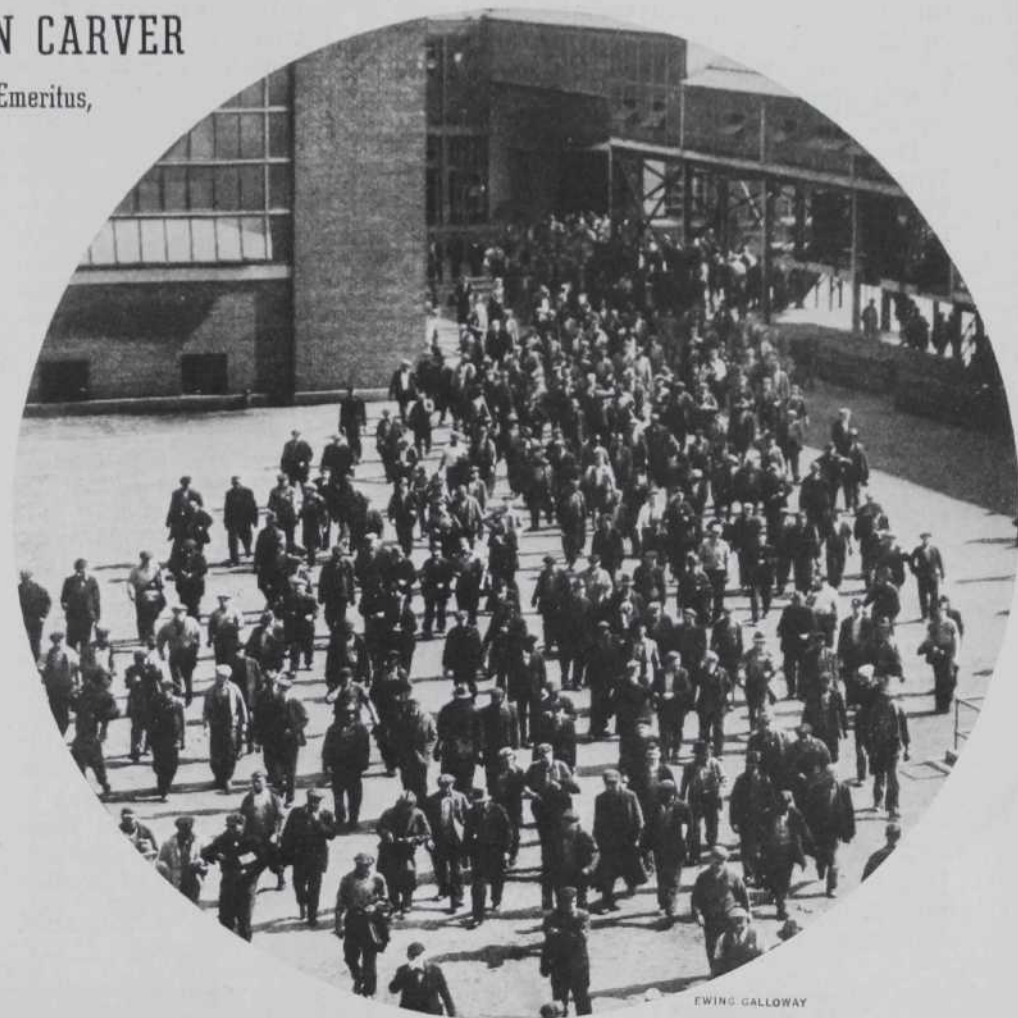
Professor of Political Economy, Emeritus,  
Harvard University

A PRACTICAL economist explains how and why capitalism, for selfishness if for no other reason, must always pay the highest possible wages and why this cannot be accomplished by mandate

THERE need be no fear that purchasing power in this country can ever be concentrated in the pockets of a few. If that should happen, mass production would become uneconomical and small shops with hand workers would displace large factories with power-driven machinery. Large accumulations of capital goods in all industries that produce luxuries for the millions would lose their value and their owners would cease to be rich. The only wealth a rich man could own would be the kinds that rich men now own in non-capitalistic and non-machine using countries—that is, land, the precious metals, jewelry, rich raiment, sumptuous palaces and other articles of self-indulgence commonly called consumers' goods.

Quantity production is possible only where there are millions of purchasers. As the scale of production increases, with larger power plants and more machinery, more and more purchasers must necessarily be found. Industrialists themselves will be compelled to find ways to enable more people to buy their products. Otherwise products will pile up before their factory doors.

It does not pay to make a machine to perform an operation that needs to be repeated only a few times. Even so simple a device as a sewing machine would be uneconomical if only a few stitches were to be made. A needle would be more economical. If only a few people ever bought ciga-



EWING GALLOWAY

Every working man should be in favor of free enterprise because then industry expands increasing jobs and wages

rettes, it would not pay to design and manufacture machines to turn them out at the rate of 700 a minute. There must be millions of smokers to justify the wide use of such machines. This principle runs all through industry, from the production of pins to the production of automobiles. It is of particular significance in the production of such expensive luxuries as automobiles, radio sets and a multitude of other modern comforts, conveniences and pleasure goods.

## Mass purchasing power

IF only a few could afford to buy them, automobiles would have to be manufactured, if at all, in relatively small establishments. Quantity production requires millions of buyers, and millions of buyers are found only where purchasing power is widely diffused. It would never pay to build

a large plant to manufacture a few hundred or a few thousand automobiles. At the same time, if they were manufactured in small establishments, they would be so expensive that only a few could afford them. There is, therefore, a close interdependence between large scale production and widely diffused purchasing power.

A country like Japan may, of course, find large numbers of purchasers outside of its own boundaries for simple and relatively cheap products. In such a case, there may be large scale machine production without diffused purchasing power among its own people. But there must be widespread purchasing power *somewhere* to make quantity production with machinery economical. In this country, foreign trade plays a minor, though by no means negligible, part in our national economy. Most of the



products of large scale machine production are sold to our own people.

Mass production calls for concentrated management. But when we have concentrated management there will be alarm over the tendency toward concentration of wealth. We are already hearing a great deal about this concentration, and we are inclined to strike blindly at it. That is always dangerous. We need to know pretty clearly what we are striking at.

The first thing to consider is: What kind of wealth is concentrated? There is a fundamental distinction between wealth that is used for production and wealth that is used for consumption. One kind is "producers' wealth;" the other is "consumers' wealth."

One kind of wealth may be concentrated and the other kind widely diffused. There might be a wide diffusion of producers' wealth, that is, every worker might own his own tools and every farmer his small plot of land, and yet the farmers and workers might have very little to consume. Tax eaters on the one hand, and racketeers on the other might own little producers' wealth, but, because of their coercive power, they could hog to themselves most of the consumers' wealth.

On the other hand, producers' wealth might be highly concentrated while consumers' wealth was widely diffused. In those mechanical industries where cheap power is the determining factor, the cost of production is decreased as mechanical power is

substituted for human muscles. This requires huge productive plants under unified management. This looks like concentration though, even under unified management, ownership may be widely diffused. In fact, in this country, ownership, even of our largest corporations, is considerably diffused. It has been estimated that there are between seven and nine million stockholders of American corporations. The American Telephone and Telegraph Company leads with 657,000 stockholders. Cities Service Company follows with 615,804, General Motors with 337,218, Radio Corporation of America with 270,257, U. S. Steel Corporation with 247,476, and the Pennsylvania Railroad Company with 227,251.<sup>1</sup> Bonds of corporations are also widely held.

### Ownership is diffused

THERE is, therefore, considerable diffusion of ownership along with a high degree of concentration of control or management and this diffusion of ownership can be still further increased. Only under unified management of huge plants can the cost of producing be materially reduced in the mechanical industries. By this kind of concentrated management, with its low cost of production, the products can be sold at low prices. This puts them within the reach of large numbers of people. In these cases, we may have considerable concentration in the control of produc-

<sup>1</sup>See Daniel Starch, in *Forbes*, for May 15, 1936, page 16.

ers' wealth and a wide diffusion in the enjoyment of consumers' wealth.

If we had our choice, which would we prefer—huge productive establishments, with concentrated management, turning out products at low cost and selling them at prices which millions could pay, or a large number of small establishments, each separately managed, producing at high cost and compelled to sell, if at all, at prices which only a few could pay?

Automobiles could, presumably, be manufactured in small shops, but the cost of production would be so high that only a few could afford automobiles. They can also be produced in huge plants which turn out automobiles at low cost and put them within the reach of millions of people. Most of us prefer this system to a system of small shops catering to the very rich.

Some people are afraid of these huge corporations. In fact, we are all afraid of big things. But before we get panicky, we should try to find out whether the big thing is using its power to do us harm or to do what we want done. If we find that a huge plant is producing something that we want, producing it at low cost, and selling it at a price that we are able to pay, we may get over our scare.

This is not a question of benevolent motives. Huge business concerns are no more benevolent than small ones. But there are such things as organizations and relationships in which all parties gain. Such organizations and relationships are worth encour-

(Continued on page 76)



ERWING GALLOWAY

As production increases, with larger power plants and more machinery, industrialists themselves will be compelled to find ways to enable more people to buy their goods



# Apostle of the New Deal

BY SILAS BENT

## The Faith and Works of Dr. Stanley High

AMONG the men who, within recent months, have risen to places of prominence in or near the Government, few have risen more rapidly and perhaps unexpectedly than Dr. Stanley High, an executive chairman and the real life of the Good Neighbor League, Inc.

Dr. High, a former Republican, went over to the Democrats because he believed that the Administration was putting into effect social ideals which churchmen of all races and denominations have been preaching for two score years without getting anything done. There is no doubt about his sincerity. Nor, for that matter, about his energy. The things he believes in, he will try to bring to pass and he is in a position to accomplish much in this direction. Since much of his thinking is in the field of economics, business men need to know something about him and his beliefs. One belief is that the Government should go into business when it can do the job better than private enterprise.

"The enemies of the New Deal," he told me, "use that phrase, 'competition with business,' to cover everything this Administration has done which is in the least unconventional. I do not think the Government should step in and take business away from men who are doing the work as effectively and as cheaply as Uncle Sam

could do it. I am not against the profit system, so long as profits are within reason, and this Administration is not against it. As for production for use and not for profit, this is a phrase practically without meaning. The man who produces commodities efficiently at a reasonable profit is producing for use. There is no basic or inherent conflict between profit and usefulness."

When I inquired about the cooperative movement, strongly endorsed by the Federal Council of Churches, Dr. High said he did not believe this country should take over bodily the extreme system adopted, for example, in Sweden; but that we should find an American adaptation, to help meet our outstanding economic problem of distribution.

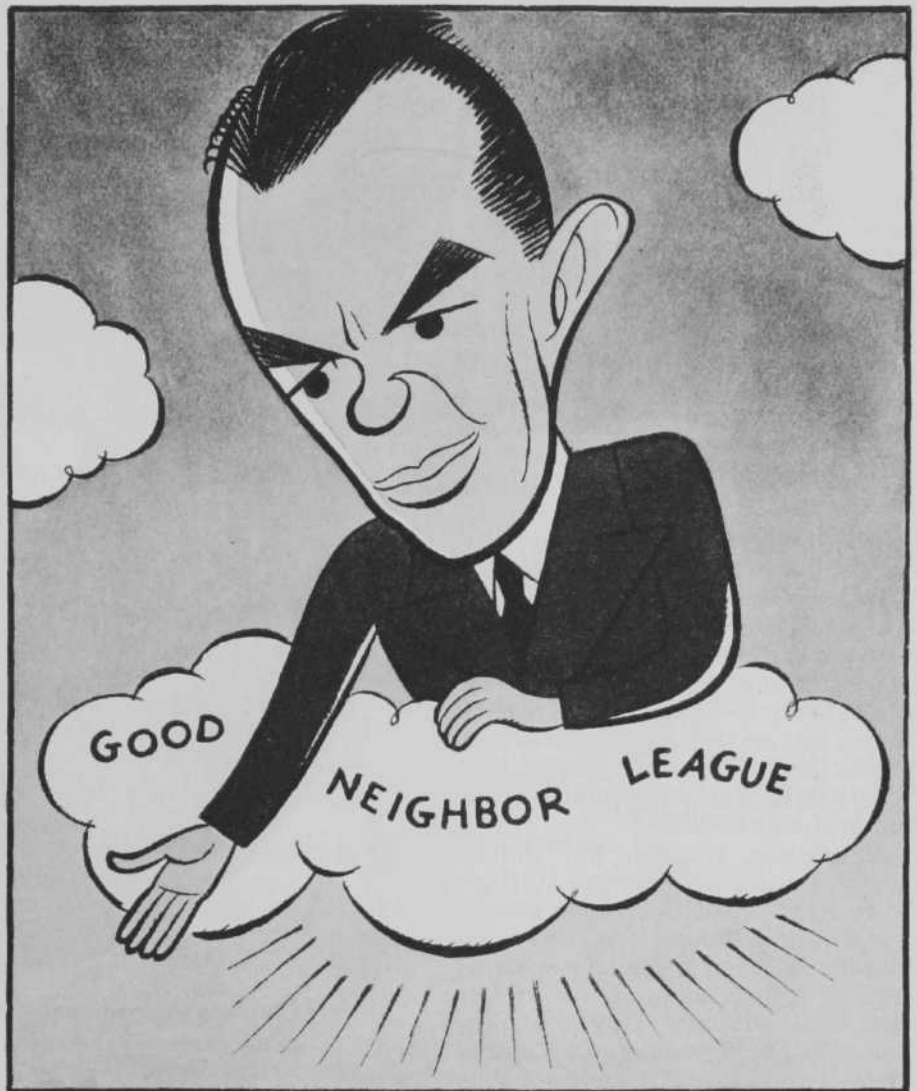
"Consumer cooperatives," he added, "answer a great many of our most

pressing questions, and we ought to take advantage of them as fully as we can in accordance with American policies and traditions."

Dr. High expressed himself unqualifiedly as in favor of private insurance and old age security under governmental authority, and added that this Administration had entered the mortgage and finance fields only because private business was unable or unwilling to take care of certain needs. He does not blink the fact that mistakes have been made, but he holds that the New Deal, by and large, is a huge success. He has, in fact, called it "a practical application of the principles of the Sermon on the Mount."

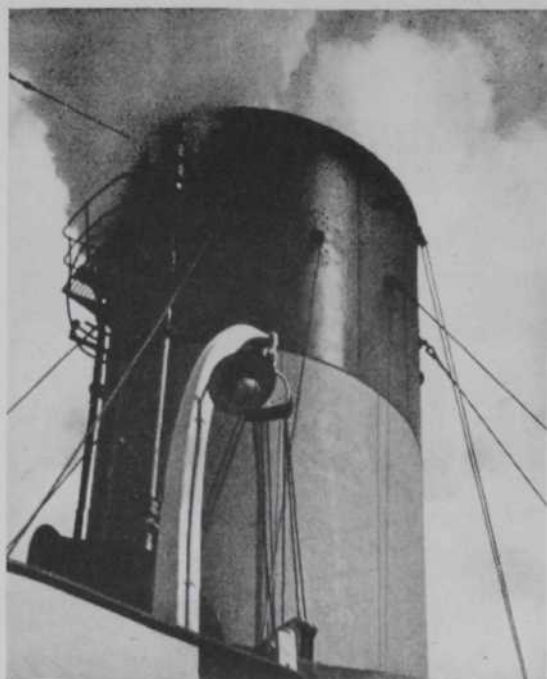
The Good Neighbor League, Inc. occupies spacious Park Avenue offices in New York City. He is, as this is

(Continued on page 107)



CHARLES DUNN





PHILIP D. GENDREAU

**F**OREIGN trade provides today, just as it did in 1704, the butter for America's bread and the cream for America's coffee. It is the difference between getting along nicely and just getting along. It penetrates every State, every town and every farm. It is ten per cent of America's annual production of movable goods. One family in 12 depends on foreign trade for food and shelter.

If exports stopped, the United States would have to curtail by from 25 to 50 per cent its growing of cotton, wheat and tobacco and its manufacture of automobiles and machinery. If imports stopped, Americans would do without many everyday items they need or enjoy. This morning's breakfast coffee and probably the sugar that sweetened it came from abroad. Rubber for automobile tires, paper the news is printed on, silk, tea, tin, diamonds—all are imported.

At peak, American foreign trade reached \$14,000,000,000 a year; under adverse conditions it declined to \$3,000,000,000. Most shipments to and from Canada go by railroad or truck; but 85 per cent of foreign trade goes in ships.

Naturally all maritime countries seek this carrying business. It yields a handsome income, both in ship construction and maintenance and in pay rolls of officers and crews. It means, further, increased national security, since merchant ships may be warship auxiliaries. Structural embellishments to aid in combat are provided when the ships are built—gun platforms, bulkheads, speed for moving troops and other things.

Back in 1704, America recognized

# Our New Bid for



CULVER SERVICE &  
CHARLES PHELPS CUSHING

**If exports stopped, many American industries would have to curtail their production by from 25 to 50 per cent**

the importance of a home-owned and operated merchant marine. That year, the diminutive Commonwealth of Rhode Island slapped back at the British Empire and set out to build an American merchant fleet. Britain, having acted to restrict its ocean commerce to British-owned ships, had attempted in 1651 and again in 1660 to limit it to that which was not only English-owned but English-manned. Rhode Island retaliated with a tonnage tax on ships not wholly owned in the Colonies. This was the first American legislative step toward independence in shipping.

## Many laws encourage ships

IN the two and a third centuries since then, America has enacted, first by the independent States fresh from the Revolution, and later by the federal Government, one law after another to

stimulate its merchant fleet. The latest of the series, the Merchant Marine Act of 1936, just now is going into operation. Its sponsors hope for great results; and it is the eternal hope the United States will regain the maritime position held so proudly for its first 70 years as a republic.

Today the United States is a poor second among the nations in gross tonnage of cargo and passenger ships in the international trade (exclusive of tankship tonnage, a story in itself, and of Great Lakes and coastwise shipping). Great Britain is first with 13,000,000 tons, more than four times the tonnage owned by the United States. The United States has a little more than 3,000,000 tons. Japan is third, Germany is a close fourth, and Italy and France fifth and sixth, with more than 2,000,000 tons each.

Before the Civil War, American ships were a familiar sight in all the



# World Shipping Business

BY DONALD MacGREGOR

WITH one family in 12 in this country dependent on foreign trade for food and shelter, the need for an American merchant

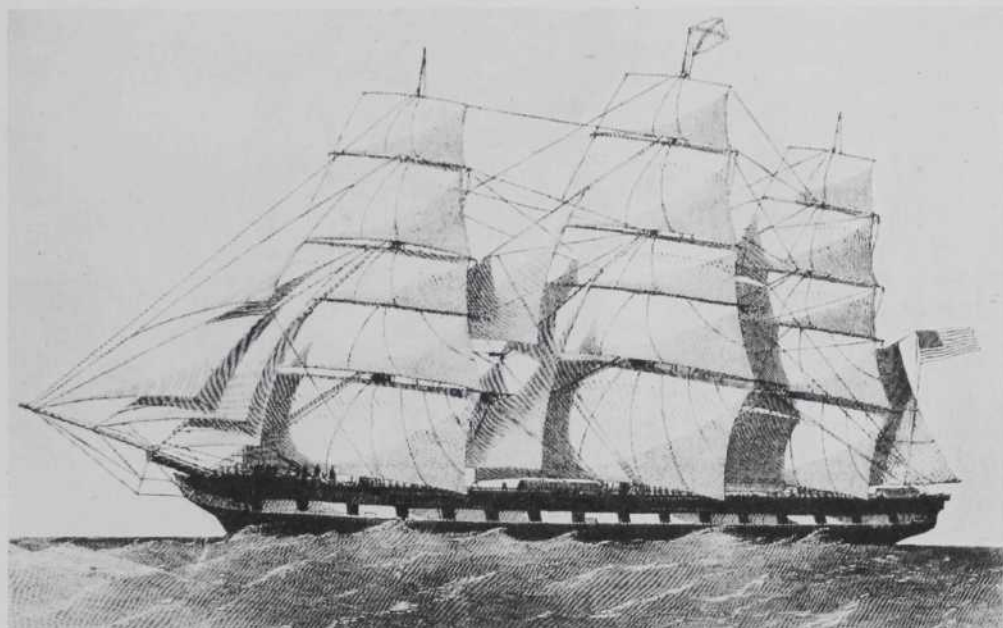
marine is acute. The Merchant Marine Act of 1936 is expected to meet the need. Its aims are explained in this article

ports of the world. They were wooden sailing ships, built from the raw materials which abounded in America; and they were economically operated. In their day, in the 40's and later, the American Clippers were the wonders of the seas, breaking records to China and to other foreign nations.

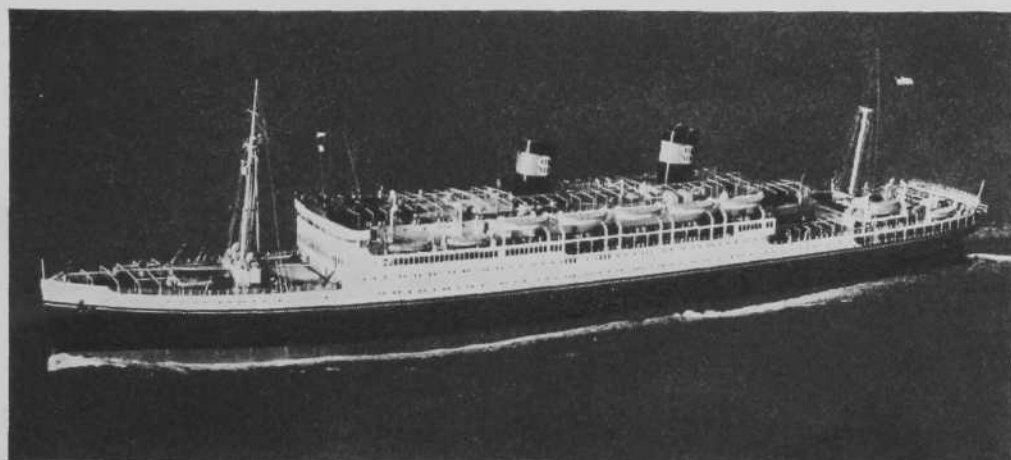
## Surpassed by England

BUT the Civil War cost the United States a great number of ships through destruction or the transfer of their registry to neutral nations. At about the same time, the master builders of England developed ships built of iron and propelled by steam. Iron and coal England had in abundance and here was real economy. This revolution in construction and operation America did not recognize at the time, the opinion prevailing that wooden ships never could be surpassed. Another handicap appeared: on completion of the transcontinental railroads, the West opened up, and capital was more interested in western opportunities than in ship operation.

From the close of the Civil War to the start of the World War, American merchant tonnage in the foreign trade to all practical purposes dropped year after year; and so



In the 40's and later the American clipper ships were the wonders of the seas. Today, although she has fewer of them, vessels built under the Merchant Marine Act of 1928 are the equal of any corresponding vessels afloat





did its percentage of carriage of American exports and imports. Some thought this decline not at all bad. The United States would develop, they reasoned, not shipping but exports.

Economics and politics shaped the general state of affairs. Various foreign nations were eager for the world shipping business. They operated with low wages and low living standards and, in addition, supported their ships with subsidies.

America generally did not subsidize its ships in foreign trade. For 20 years before 1914, the American merchant fleet had dwindled until it carried less than ten per cent of our foreign trade.

Then Europe went to war. The foreign-owned ships on which the United States had depended set out on other service or, as did those of the Central Powers, fled to safe harbor. (Later the German and other enemy-owned ships in American ports came into the American fleet through seizure.)

In spite of increased demand,

American farm and mill products stood high on the piers. The few ships which entered port raised their freight rates. These increased rates and the lack of American ships cost America \$1,000,000,000 between 1914 and her entry into the war.

### Building a war fleet

IN desperation in 1916 the United States decided to build ships at government expense. The United States Shipping Board was to construct them; the Emergency Fleet Corporation to operate them.

The emergency permitted no long-range planning. The necessity for speed dictated the use of conventional design and of available engines. From the ways came some 2,300 ships of 9,000,000 gross tons, constructed at a cost of \$3,000,000,000. (Shipyard cost and interest brings the figure to five billion.) Other ships were seized, requisitioned or purchased. In all, the United States acquired 2,500 ships, of 12,500,000 gross tons—about the

total world shipping loss during the war.

Although most of the ships were not launched until after peace was declared, those that were afloat were a factor in winning the war. They earned good profits, too, immediately afterwards, before rival nations could rebuild their fleets. But American shipping supremacy had a very short life.

As soon as the war ended, the maritime nations resumed ship construction. They took advantage of the engineering improvements developed during and just after the war. Hundreds of the American ships immediately became obsolete, too costly to operate, and had to be scrapped.

In 1920, Congress ordered the Government to withdraw from the business and sell its ships to private interests. But the process was slow; already outmoded, they were not in demand. Today, after 16 years, the Government still has ships on its hands—still, in a minor way, is in the shipping business.

So many ships were on hand that America virtually stopped shipbuilding. Between 1922 and 1928 not one ship was added to the foreign-trade fleet. In the same period, 800 new ones under foreign flags were put in operation on lines reaching American ports. In self-defense the United States passed the Merchant Marine Act of 1928.

Under this law, subsidies were granted in the form of ocean-mail contracts giving shipowners more than ordinary mail pay for this service. Construction loans also were made available to prospective operators.

This law gave the United States the nucleus of a worth while merchant fleet. Under

(Continued on page 92)



U. S. LINES AND CULVER SERVICE

Under the new law, the Maritime Commission fixes wages of officers and crew but the Government will meet part of the expense



CULVER SERVICE & CHARLES PHELPS CUSHING

Shipping Board craft, hastily built, helped win the war but are now obsolete and abandoned



# Cotton's New Social Problem

BY ROBERT TALLEY

**W**AY DOWN South in the land of cotton there is brewing today what may be the greatest social and economic revolution in Dixie's history since Lincoln freed the slaves.

The prospect of complete mechanization of the cotton production industry now hovers over the fleecy fields like a gaunt specter, threatening to deprive several million cotton-field workers—men, women and children and most of them colored—of their only means of earning a living. The last great field of hand labor in America seems in a fair way to be abolished by man's inventive genius.

For generations, the South's vast cotton-growing industry has rested on the economic tripod of the Negro, the plow and the mule. In recent years, tests by state and government experiment stations have shown conclusively that it is cheaper to plant and cultivate cotton by machinery, but always the problem of harvesting remained. The nimble fingers of several million cotton pickers were needed for from four to five months each year to gather the crop; no machine yet invented could search out and pluck the fluffy bolls that dotted the shoulder-high plant. So the hand laborers, being indispensable, hung on and with them the long-eared mule and the single-pointed plow.

The other day—before a keenly interested audience of several hundred southern plantation owners, cotton dealers, bankers and newspaper correspondents—a queer-looking two-wheeled machine took the field at the Delta Experiment Station at Stone-



Mack Rust, co-inventor of the machine, now seeks an answer to the social problem it creates

**FOR** years the South has sought a machine that would pick cotton. That quest is apparently ended but a far more difficult job is ahead

ville, Miss., for its long-awaited test. It was a mechanical cotton picker developed by John and Mack Rust, Memphis brothers, who proudly described it as "the missing link in the complete mechanization of the cotton growing industry."

Down the field it went as fast as a man could walk, towed by a chugging tractor and straddling a long row of heavily laden cotton plants. Through a V-shaped opening, the plants were swept into the machine as it passed over them. From within came the clatter of machinery and the whir of busy spindles as they snatched the fleecy staple from the open bolls; from an overhead discharge pipe poured a steady stream of cotton, wagon load after wagon load of it.

In seven and a half hours the Rust brothers' new mechanical cot-

ton picker picked more than 8,000 pounds of seed cotton—as much as an average cotton picker, working from sunup to sundown, could pick in an entire season of three and a half months—and did it, according to the Rust brothers' figures, at one-fourth the cost.

True, the machine's performance was by no means perfect. It gathered only 75 to 85 per cent of the ripened cotton on the plants; it mixed a quantity of green leaf with the white fiber which would reduce its grade unless removed at the gin; it knocked off some bolls and left them lying on the ground.

However lacking in perfection the Rust brothers' picker might be, it had demonstrated that it was sound in principle.

Ever since that demonstration, the South has been speculating as to the social and economic consequences of a mechanical cotton picker. That a perfected picker would completely revolutionize the nation's billion-dollar-a-year cotton-producing industry, end a social system that has endured since the Civil War and spell the economic doom of several million cotton-field toilers is the belief of many who are giving the subject serious thought.

Briefly, the situation is this:

Sixty-five per cent of the South's cotton farms are operated by tenants and share croppers. Nearly four out of every five Negro farmers are tenants, living on the land of a white man who finances them throughout the year and collects his debt in cotton at harvest time—a social system that dates back to the freeing of the



slaves which left the white man with his land and the Negro with his labor.

Under this system the tenant farmer or share cropper receives no cash, but buys everything he and his family need on credit at the plantation owner's commissary, settling up at the end of the year. In recent years, a few large plantations have abandoned the share cropper system and started paying cash wages to their employees but their number is not great.

The latest census lists 1,192,195 tenants and share croppers, of whom nearly 700,000 are Negroes. In comparison, the number of full owners of cotton farms is small, 115,000.

Despite their poverty—many of them wind up every year in debt to their landlord—these tenants and share croppers are given to large families and it is safe to estimate that they represent a population of 7,000,000 to 8,000,000 men, women and children. And at picking time every available hand is needed in the fields.

Complete mechanization of the cotton-growing industry would, competent experts believe, eliminate 75 to 80 per cent of all the labor now used in growing and gathering cotton. No one expects an immediate economic cataclysm—it may be ten years in coming—but many believe that it is on the way.

### A movement to cities

THAT is why, perhaps, Dr. O. E. Baker of the United States Bureau of Agricultural Economics, has said:

The mechanical cotton picker may compel a migration of a magnitude unparalleled in our history from the hill lands as well as from the level lands of the Cotton Belt to our cities.

That is why, perhaps, Former Mayor E. H. Crump of Memphis—who was born on a Mississippi plantation—is publicly advocating legislation to prohibit manufacture of such machines.

And what are the sociological views of the two brothers whose invention threatens complete economic disaster for several million people? Briefly, they are working on a plan to socialize their machine and use a large portion of its profits to aid those thrown out of employment and also to require users to make some provision for displaced labor.

As this is written, John Rust is in Russia demonstrating two of his mechanical pickers for the Soviet, but Mack Rust, seated in his office at

Memphis under large framed pictures of Thomas A. Edison and Franklin D. Roosevelt, says:

When these picking machines begin to move into the cotton fields, they will steadily crowd out the share croppers and other hand pickers. Consequently, unless some adjustment is made to re-



G. G. Strickland (left) and J. Vion Papin, bankers, examine the machine-picked cotton

habilitate these people, they will simply be added to the number of unemployed.

It stands to reason that the cotton picker has immense possibilities and it is our idea that as much as possible of this revenue should be used not only to rehabilitate the unemployed but to carry on educational activities with a view of ending unemployment and poverty once and for all.

We will encourage the establishment of cooperative enterprises and such other organizations as tend to raise the economic and social status of the people as a whole. We are also considering leasing our machine only to farmers who will establish a system of fair wages and working conditions for their employees.

As much as we are concerned with the welfare of the people who will be displaced by the introduction of the cotton picker, it is obvious that we will not be able to rehabilitate all of them from our share of the profits. We believe there should be a job for every able-bodied person and that there should be universal insurance for the disabled and the aged. But these are social problems which must be dealt with by society as a whole.

It seems to us that some form of cooperative commonwealth is bound to supplant our decaying capitalist society, and it is our wish that this transition may take place with as little confusion and violence as possible. To this end we will cooperate with all progressive forces looking toward a newer and better society, where new mechanical inventions will no longer take the workman's job but will shorten his hours of toil and increase life's pleasures.

In this country we have already the means of producing more than enough for all. We Americans have proved ourselves good mechanical engineers. Now let us turn our hands to social engineering and build a new society that will give every man, woman and child a chance to enjoy life, liberty and the pursuit of happiness.

### Social problems

THE Rust Foundation, he explained, will be established with a view of helping carry out these ideas. It will be a non-profit educational institution and will be endowed with the profits of the Rust Cotton Picker, as well as all the brothers' holdings (they will retain a majority of the stock) in the cotton picker company. The Rust brothers and one other person will be the managing trustees of the Foundation, aided by an advisory council "composed of some of the best minds of the age." This Foundation will seek to solve the social problems resulting from the invention.

"All we want out of this," says Mack Rust, "is a decent living and the ordinary comforts of life. Neither my brother nor I has any desire for great riches. The rate of compensation for any officer

of our company will not be more than ten times that of the lowest paid employee—which means that if the janitor gets \$1,000 a year the president of the company will get only \$10,000 a year."

Dr. W. E. Ayres, director of the Delta Experiment Station, takes a somewhat different view of the social problem raised by the mechanical cotton picker. In a letter to the Rust brothers, he says:

In my judgment, your machine should be manufactured as quickly as possible. The territory badly needs this missing link in the mechanical production of cotton.

Notwithstanding the objections that some have raised to the machine because of present unemployment, I have maintained for ten years that it isn't up to agriculture or to cotton producers, as a class of agricultural people, to absorb at starvation wages machine-replaced industrial labor. Printers, ginners, textile manufacturers, and other industrialists are just as much obligated to throw their labor-saving devices into the back alley in behalf of unemployment as is the cotton producer.

We sincerely hope that you can arrange, build and market your picker shortly. Lincoln emancipated the southern Negro. It remains for cotton harvesting machinery to emancipate the southern cotton planter. The sooner this is done, the better for the entire South.

The southern plantation owner has known for a long time that mechanization would greatly reduce his pro-



duction cost, but always the problem of harvesting has stood in the way. It was easy to cultivate by machine, but who would pick the crop? The large families of share croppers were still indispensable in the fields from three to four months each year. Consequently, little progress in mechanized cultivation has been made.

The economy of mechanized operation is shown by cost accounts kept by the Mississippi Agricultural Experiment Station for a three-year period. They reveal that one man and one mule can cultivate 15 acres of cotton at an average cost of \$11.53 an acre. The addition of another mule and a better machine doubles the number of acres that can be cultivated and cuts the cost to \$8.87, while the use of a four-row cultivator drawn by a tractor jumps the per man acreage to 120 and slashes the per acre cost to \$4.71.

The promised economy of mechanical picking is even greater. The average acre produces about a half bale of cotton and the Rust brothers say their machine can pick about an acre an hour at a total cost, including the tractor and two operators, of \$1 to \$1.50 an hour. If the Rusts are cor-

rect, their machine in one hour can pick as much cotton as five laborers in an entire day, saving approximately \$8 to \$10 a bale in picking costs. At current prices, a 500-pound bale of lint cotton (1,500 pounds of unseeded cotton) sells for around \$65. The 1000 pounds of seed bring approximately \$18 making the farmer's return about \$83 a bale.

Consequently, under a completely mechanized system of production—both cultivation and picking—these figures would indicate that the southern planter could cultivate and pick cotton at a cost of \$11.40 a bale as against \$35 a bale under the present hand labor method. This comparison, of course, represents an optimum—but unquestionably the savings would be large.

Such is the solution, the Rust brothers say, of the problems of the southern cotton planter who has been hard hit by the low price of cotton during the past few years.

"The planter realizes," says Mack Rust, "that crop-limitation schemes, plow-under campaigns, processing taxes and other artificial means of boosting the price of cotton do not solve his problem. The only real solu-

tion is production of cotton at a lower cost."

Recalling that it took 30 years to perfect the McCormick reaper which rewrote the history of the middle western grain belt, Mr. Rust admits his mechanical cotton picker is not yet perfected. But he is confident that it is sound in principle and improvements, he says, will take care of the rest.

### Leaves are mixed in

"ONE of the criticisms of our picker," he says, "is that it mixes a small amount of green leaf—about two per cent—with the cotton, which lowers its grade. We feel sure that a machine can be developed to remove this leaf from the cotton, in the same manner that modern ginning machinery now removes dirt and trash. The net result would be that the buyer would merely deduct two per cent from the weight of the unginned cotton."

The leaf reduced the quality of the cotton picked in the test at Stoneville about one and one-half grades and cut its value about \$4 a bale, the

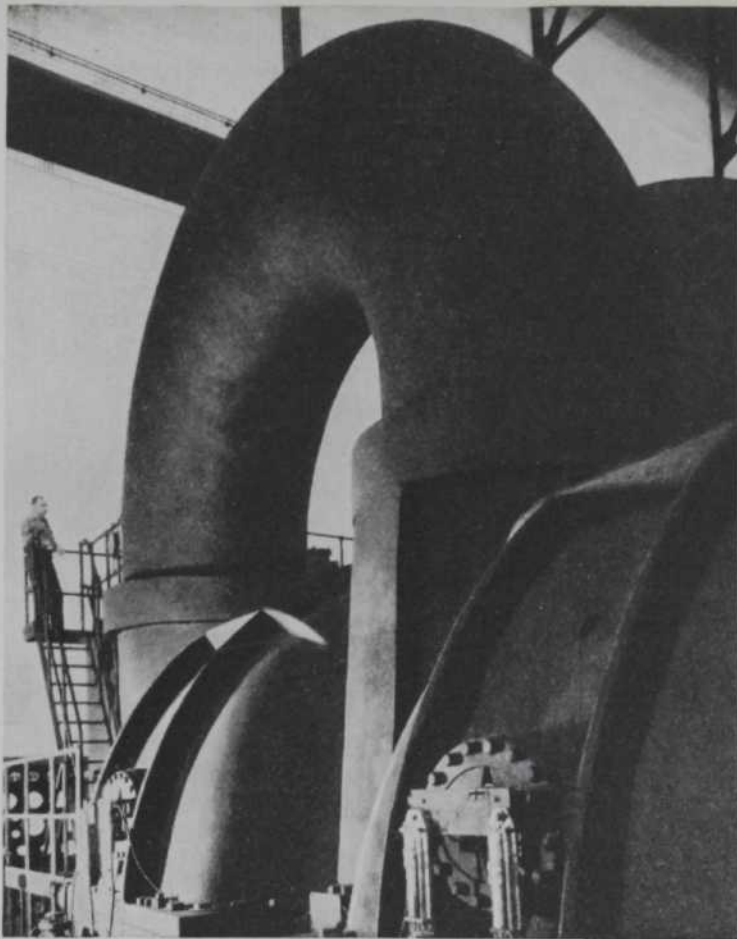
*(Continued on page 91)*



Colored cotton pickers, who face loss of their jobs to the Rust brothers' cotton picker, were among the most critical spectators at the machine's recent demonstration



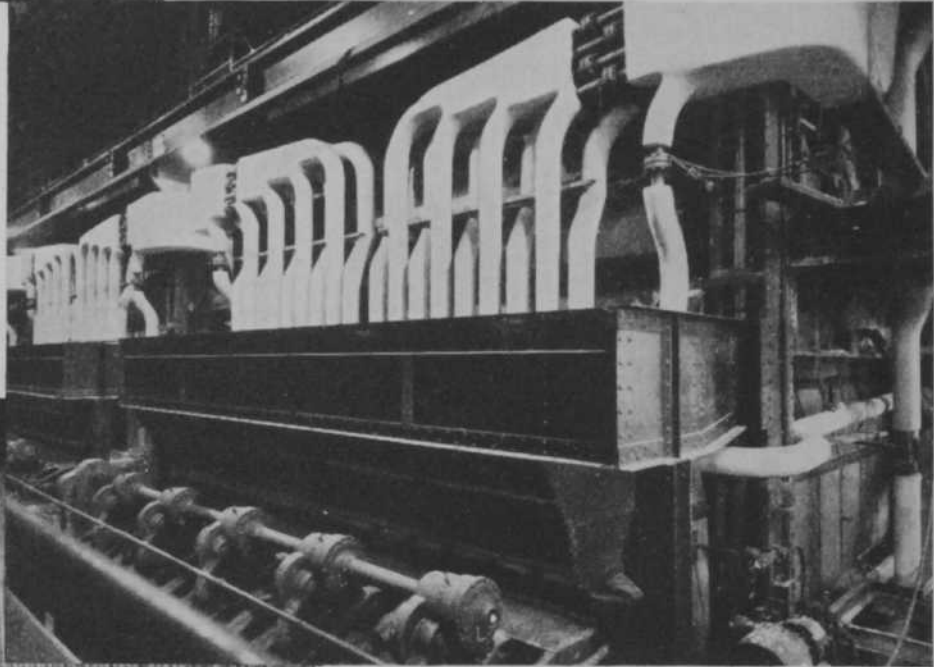
# The Machine



THE PROCESSES and machines to which this country is indebted for its high standard of living will make one of their infrequent public appearances at the Twelfth National Exposition of Power and Mechanical Engineering to be held November 30 to December 5. Although their products are commonplaces for the American public, the processes and the machines themselves remain a mystery. Cutting tools that slice four-inch steel, automatic valves and gauges that are accurate to a fraction of a drop or a degree will be on display and many of them in operation.

Exhibits will cover three floors of the Grand Central Palace in New York and will be geared to give the latest salient information in the briefest time. The incentive to create outstanding exhibits is great because of the assured purchasing power of American industries and the increasing tendency of directorates to reinvest earnings in new plant equipment and in the reconditioning of equipment which has become obsolete during the quiet years. The result will be a storehouse of mechanical engineering achievement where men with production problems to solve may find the latest answer of science to their varying needs.

In the modern boiler, water-filled tubes form a protective wall against temperatures that would melt firebrick



MCGRAW-HILL PHOTOS

Power can be produced cheapest in large quantities and the modern turbine is a huge mass of iron and steel



You could build a bungalow inside this furnace. Water-cooled walls permit the automatic stoker to force the fire to the limit



# Has its Week in the Sun



Constructing a new dam which will harness more water power for hydroelectric production



Modern control instruments make brains, not brawn, the first need of a fireman



With air-tight steel cases, automatic control and coal fired as a gas like dust, modern boilers use cheap fuel and little of it





Store Number 2 formerly housed an independent who grew discouraged by co-op competition

OLSON'S STUDIO

# Consumers' Co-ops on Main Street

BY ARTHUR B. GUNNARSON

Department of Distribution, U. S. Chamber of Commerce

"THE cooperatives give us no competition, but that is because those who patronize them will not trade at any stores but 'their own.' They are not shoppers, and so long as the co-op carries the kinds of merchandise they want, they stay away from all other retailers."

Such is the comment of a few retailers, both individual merchants and chain store managers, whom a traveler may engage in conversation in Cloquet, Minn. In this town of 7,000 population is to be found one of the largest consumers' cooperative organizations in the United States.

Not all business men in Cloquet, however, share this point of view.

"The cooperatives are slowly driving us out of business. Several retailers have found the going too tough and have closed up. Others are striving to meet the competition of the co-ops, and are having some success. But, so long as the co-ops are helped by local, state and federal officials, the small town merchant is in for a long struggle."

Comments of this nature are common. They illustrate the deep concern

IN Cloquet, Minn., five cooperative stores compete with the local merchants. The results are described in this article written after a visit to the scene

with which merchants in northern Minnesota view the growth of consumers' cooperatives in the state.

To outward appearances, Cloquet is a small city of more than average size for this part of the country. Situated 20 miles west and south of Duluth, it is reached by a concrete road which branches off from the main highway connecting St. Paul and Duluth. Cloquet owes its origin mainly to large tracts of timber in the hinterland along the St. Louis River which runs through the town and empties into Lake Superior a few miles away. Sawmills and piles of lumber once dominated the landscape. Since nearby timber was exhausted factories producing paper, insulating materials, and small wooden wares have supplanted the sawmills.

In the adjacent territory, farms

have replaced the forests. The timber lands which have not been logged have been ravaged by fire from time to time. Eighteen years ago a forest fire, fanned by a 60-mile gale, practically wiped out Cloquet, as well as several other towns in the vicinity. In an afternoon, the fire swept over 50 miles of timber and farm lands, for a time threatened Duluth, and finally ended when a shift in the wind turned the flames after they had consumed the town of Moose Lake. Citizens of the latter town, fleeing to the small lake from which the town takes its name, found deer, moose, bears and timber wolves as their companions as they sought a common haven in the water. Again this summer, fires threatened the area.

The farmers who have come in to cultivate the cut-over and burned



# Burroughs

## PLAN YOUR PAYROLL ACCOUNTING NOW

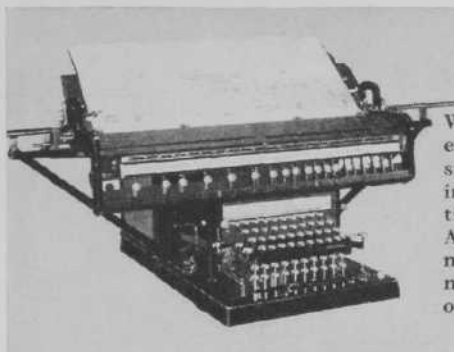
*to obtain the  
information required by the*

## SOCIAL SECURITY ACT

Many employers are finding in recent Burroughs developments a simple solution of the accounting problems set up by the Federal Social Security Act. Often the exceptional speed, ease and economy of new Burroughs machines make it possible for employers actually to lower accounting costs and still have the additional information required.

In fact, many say: "We are glad the Social Security Act prompted us to investigate, because we now have the complete payroll accounting system we have needed for a long time."

Investigate. Let a Burroughs representative assist you in meeting your payroll problems now, so you will be prepared to furnish the information required by the Act when it becomes effective the first of the year.



### BURROUGHS TYPEWRITER ACCOUNTING MACHINE

Writes check (or pay envelope), earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated. This machine is only one of several models; payroll work is only one of the many jobs they do.



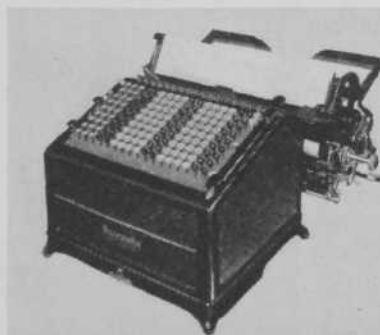
### BURROUGHS DESK BOOKKEEPING MACHINE

Posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay. Can also be used as a fast, practical adding-subtracting machine for all kinds of accounting work. Many styles and many models—all low in price.



### BURROUGHS CHECK-WRITING TYPEWRITER

Writes payroll checks in units or in strips. Payroll summary completed in same operation. Fast and easy insertion and removal of checks. Can also be used as a typewriter for correspondence and general typing. Electric carriage operation. Several models.



### BURROUGHS AUTOMATIC PAYROLL MACHINE

Writes check (or pay envelope), employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals! Many models for payroll work, as well as for scores of other accounting jobs.



## SEND FOR THIS NEW PAYROLL FOLDER!

BURROUGHS ADDING MACHINE COMPANY, 6121 SECOND BLVD., DETROIT, MICH.

Send me the new folder "Modern Payroll Methods," illustrating complete payroll accounting methods, with typical entries and suitable column headings for maintaining the information required by the Social Security Act.

Name \_\_\_\_\_

Address \_\_\_\_\_



## Consolidated Operating Statement of 60 Consumers' Cooperative Store Societies that are Affiliated with the Central Cooperative Wholesale, Superior, Wisconsin—1935

RETAIL SALES	\$5,146,890	100.00%
COST OF GOODS SOLD	4,425,183	85.98
GROSS TRADING PROFIT	\$ 721,707	14.02%
OPERATING EXPENSES		
Salaries and Wages	\$313,596	6.09%
Advertising, Wrappings, and other selling expense	27,479	.53
Truck and Delivery expense	19,409	.38
Board of Directors Compensation	6,250	.12
Inventory & Auditing Expenses	10,311	.20
Office Supplies & Postage	7,085	.14
Telephone and Telegraph	5,461	.10
Rent	7,662	.15
Water, Heat, Light, Ice and Power	24,072	.47
Taxes	17,965	.35
Insurance and Licenses	23,601	.46
Repairs of Fixtures and Buildings	14,874	.29
Depreciation	49,260	.96
Miscellaneous expenses	20,020	.39
Losses from bad debts	12,605	.24
NET TRADING PROFIT	\$ 559,650	10.87%
	\$ 162,057	3.15%
OTHER INCOME	50,484	.98%
TOTAL NET INCOME	\$ 212,541	4.13%

(Average stock turn—8.18 times)

operatives must speak Finnish as well as English.

Because Cloquet is the center of a considerable development in consumers' cooperative undertakings, it provides a convenient observation post for the student of the movement. Entering Cloquet from the East, one is greeted by the usual evidences of a thriving community. Filling stations operated by large oil companies occupy prominent corners. There are the usual general stores found in most towns of comparable size—those operated by individuals and those operated as units of national and regional chains. Grocery stores of both kinds are to be found. The same is true of hardware, variety, and auto supply stores. A new post office occupies a prominent site, and on the main street a sign informs all who pass by that the Rotary Club meets at 12:15 P.M. on Tuesdays. Most of the business buildings are of modern brick construction. The fire of 1918 caused a rebuilding of the town.

### Clothing dealer sold out

AS one progresses through the town, however, one soon observes a combination filling station-garage-and-automobile agency carrying the name "Cloquet Co-operative Society." Farther down the street, on a prominent corner, is another building with a similar sign. Until six months ago, the building was occupied by an independent clothing dealer who, believing the trend toward cooperative merchandising could not be successfully stemmed, discontinued his busi-

land are largely Finnish. Inured to hardships in their native Finland, the Finns have settled in northern Minnesota to wrest from the soil an uncertain and scanty living. Many work in the iron mines of the Mesabi Range, on the ore, grain and coal docks of Duluth and Superior, in the forests which have yet escaped the ravages of fire, and in the various industrial enterprises in Duluth, Cloquet, Hibbing, and Virginia. The northern counties of Wisconsin and Michigan also have their Finnish settlements of farmers and miners.

These people are not in the higher income brackets—their annual cash income is small. Prices of necessities of life become an important economic consideration.

When to low prices of the cooperative stores is added the inducement of a patronage rebate, the appeal can be readily understood.

Observers of the cooperative movement in the territory attribute as much as 90 per cent of the success of



OLSON'S STUDIO

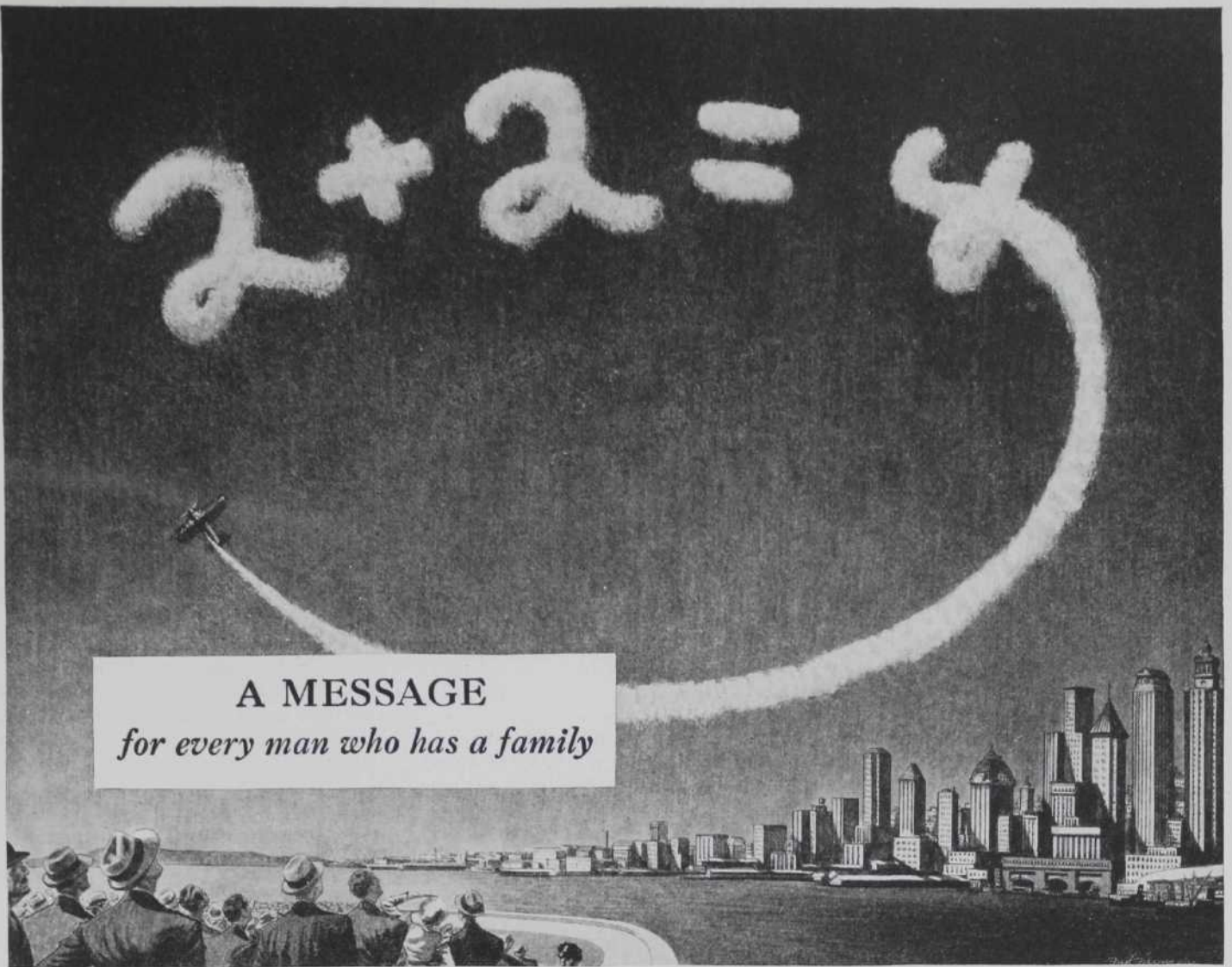
Although it operates five stores in or near Cloquet, the Co-operative Society does not pay the state tax on chain stores

these organizations to nationalistic factors. The Finns are a clannish people. They do business with those of their own race in preference to any other. Their native tongue is used extensively—employees of the co-

ness and sold the building to the Cloquet Society. Around the corner, the cooperatives' warehouse is plainly visible in the next block by the railroad track.

The new store is known as the So-





**A MESSAGE**  
*for every man who has a family*

A GREAT publisher\* said, "It is surprising how many brainy men dodge plain facts. They waste valuable time trying to make five or six out of two and two."

No amount of wishful thinking can change stubborn facts. When a man faces facts he realizes that he must plan for the things he wants. To succeed, he does not stop with hoping that everything will turn out all right.

If you were asked today to write a check large enough to support your wife and family for the next five years, could you do it? Could you write another check to pay for your children's future education?

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*



Would you like to be sure that those checks will be written for your family if anything should happen to you? Could you live in comfort at retirement age on the money that you have so far put aside?

Out of your present earnings you can start to build a Life Insurance Program which will accomplish what you have in mind. If you will give a Field-Man the plain facts concerning your family requirements and your present income, he will be glad to help you lay out a Program to fit your individual case. Telephone the nearest Metropolitan office and ask him to call—or mail the coupon.

Metropolitan Life Insurance Co., 1 Madison Ave., New York, N. Y.

Without placing myself under any obligation, I would like to have information regarding a Life Insurance Program to meet my needs.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

116-N

\* Cyrus H. K. Curtis

# METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER  
Chairman of the Board

ONE MADISON AVENUE, NEW YORK, N. Y.

© 1936 M. L. I. CO.

LERoy A. LINCOLN  
President



ciety's Store Number 2. Store Number 1—the original—is not on the main business street but is a square away in an area devoted mainly to residences. Two additional stores are operated by the Society, one at Esko's Corner, a few miles east of Cloquet, and one at Mahtowa, about 15 miles to the southwest. In spite of its chain store nature, however, the Society does not pay the special taxes which other chain stores in the state must pay.

### Many lines are stocked

AT the Society's stores, merchandise of many varieties may be purchased—groceries, meats, hardware, clothing, automobile supplies, dry goods and notions. There are radios and washing machines, rubber boots and toys, ladies' wash dresses and kitchen utensils. Business flourishes in gasoline and oil. A popular make of automobile is sold. Orders for farm machinery are taken. Fertilizer and feed, lumber and coal are bulk products, accounting for a large volume. Most types of insurance are procurable through the Society. Traveling members of the Society may buy tickets and plan their itinerary through the

Society's travel agency. Recently it has been proposed that the Society set up its own mortuary establishment.

In 1935 the sales of the Cloquet Co-operative Society totalled \$871,178.81. These results compare with sales of \$736,908 for 1934. The year 1935 showed sales, therefore, 18 per cent greater than in 1934. Gross profits for 1935 were \$118,835.50 (13.64 per cent of sales); expenses, \$85,442.77 (9.81 per cent); other income from investments, rents, etc., \$6,461.13 (0.74 per cent)—leaving a net margin of \$39,853.86, or 4.57 per cent of sales. The rate of stock-turn was reported to be 18.13 times.

As of December 31, 1935, the Society reported its financial position as including:

Cash .....	\$24,328.55
Investments .....	16,779.89
Notes, accounts and inventories .....	65,663.03
Machinery, trucks, equipment, buildings and land .....	53,249.35
Total Assets .....	\$160,020.82
Current Liabilities .....	27,200.83
Net Worth .....	\$132,819.99

At the Society's annual meeting in March, 1936, the stockholders voted to pay a five per cent rebate on pur-

chases made; transferred \$5,000 to reserves for contingencies and expansion; voted the purchase of the building for the new Store Number 2; voted to build an addition 97 x 60 feet to its filling station and garage; and granted all employees one week's vacation with full pay. The management expressed confidence that the Society's sales for 1936 would exceed the million dollar mark.

In internal appearance the Society's two stores in Cloquet are not particularly attractive nor impressive. Thousands of merchants throughout Minnesota and other states display their merchandise more attractively. In arrangement, the Co-operative's stores resemble the general country store of a generation ago rather than the stores of up-to-date small-town merchants.

Merchandise offered for sale is of various qualities, with lower quality merchandise predominating. There is some merchandise carrying well known nationally advertised trade names. Many items, groceries especially, carry the trade-mark "Co-op," a private brand owned by the Central Co-Operative Wholesale.

The sources of supply upon which the Cloquet Society depends are varied. Its purchases in 1935 totalled \$754,181.40, of which \$266,030.99, or 35 per cent, came from the Central Co-Operative Wholesale in Superior, Wis. (across the bay from Duluth). The remainder of its merchandise came from private wholesalers and manufacturers. Wholesalers in Duluth have not hesitated to sell to the cooperatives many of which are considered especially good credit risks.

### Wages were low

THERE are no high salaried employees in the Cloquet Society's stores. When asked about wages paid, merchants of the town did not agree as to how the pay of clerks in the cooperative stores compared with wages of clerks in chain and independent stores. Some independents believe that the co-op's wages are on a level with those of chain stores, but the chain store managers say that the cooperatives pay lower wages than anyone else. There seems to be agreement that the cooperatives' employees are required to work harder than those of private employers.

A strong nationalistic loyalty among its members  
(Continued on page 100)

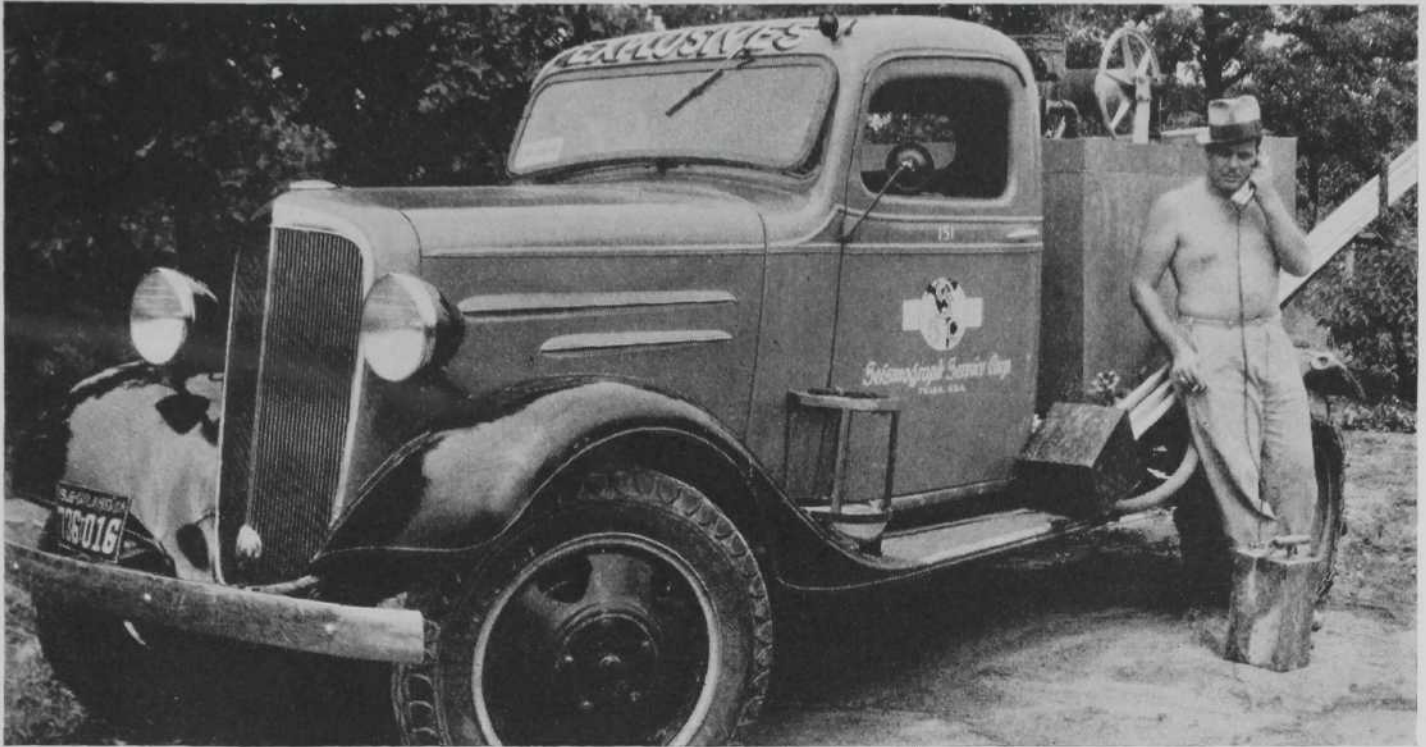


The combination filling station-garage and automobile agency (above) and Store Number One (below) owe at least part of their success to a strong nationalistic loyalty among Finnish residents of the community





# TRUCKS HUNT BLACK GOLD



## SCOUR GLOBE FOR OIL HAUL DYNAMITE ON TIRE-KILLING JOB

Hunting new oil fields with the aid of dynamite, huge drills and precision instruments, caravans of trucks travel country where rubber tires never touched ground before.

These are the trucks of the Seismograph Service Corporation of Tulsa, Okla. With six vehicles in a group and 22 groups scattered throughout the world, they go wherever there may be oil. Roads follow later. Some of the trucks carry heavy machinery, some the most delicate of instruments, others dangerous cargoes of dynamite. All depend for safety on Goodrich Triple Protected Silvertowns.

### SILVERTOWNS FIRST CHOICE

Few truckers have service conditions as severe as these. But all truckers can get the same dependable tires which this company uses here and abroad for their trucks in Poland, Rumania, Hungary, Canada and elsewhere. The tires that stand up in this torturing off-the-road service

will do your job better, too. Goodrich Silvertowns are first choice on the world's toughest hauls. It's because they are Triple Protected against side-wall breaks and blow-outs. A new invention actually checks 80% of premature failures! Silvertowns have this extra protection built into the heart of the tire:

- 1 PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.
- 2 PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.
- 3 100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

This means freedom from road delays, a slash in repair bills, much greater mileage. Why not follow the lead of the truckers with the toughest jobs? Use Triple Protected Silvertowns on every wheel. They cost no more—they save plenty. Ask any Goodrich dealer for proof. The B.F. Goodrich Co., Akron, Ohio.

"Ready for the shot?" The operator waits for the signal as he stands alongside one of the Goodrich-equipped trucks used to haul explosives.

This heavy drill must be moved over rough country miles from any road. It gets there safely on Goodrich Silvertowns.



In Seismographing, a hole is drilled from 30 to 200 feet deep, loaded with dynamite and the charge fired. Instruments record the effects of the blast, reveal the earth's underground structure.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES



# No Business Can Escape CHANGE

Business continues bringing out new products to meet the fancies of the public

**1 • TWO ENVELOPES** in one offer a new convenience to sellers by mail. Made from the same blank, the inner return envelope is easily separated by perforations. . . .

**2 • A NOVEL** shoe-shining device for pocket or car is mitten-shaped with back studded with buttons of polish which come off when rubbed on shoes but not on clothes. The front of the mitt polishes. Advertisements can be printed on it. . . .

**3 • A NEW** top for collapsible tubes—for creams and the like—opens and closes without screwing. Like a spigot. . . .

**4 • STIRRING** your cocktail is a pleasure with a new gadget the size of a pencil stub which extends to reveal stainless metal stirring fingers. It can be carried in pocket or purse. . . .

**5 • FRESH** coffee properly ground is insured by a new kitchen electric device that roasts it automatically for a determined time, and then grinds it to the size desired. . . .

**6 • A NEW** copper alloy which is more resistant to corrosion makes possible a copper range boiler and storage tank thus completing an all-copper domestic hot water supply system. . . .

**7 • A PLASTIC** material, clear as glass and as strong, but softer and more flexible, is to be introduced here after trial abroad. It transmits ultra-violet light and is unaffected by sunlight. It's easy to work. It may also be used to impregnate wood and many other substances. . . .

**8 • A NEW** paint for fire bricks, furnace linings, metals, has withstood temperatures up to 3300° F., it is said. It diminishes corrosion in flues and furnace linings. It may be applied with brush, spray, or by dipping. . . .

**9 • A SELF-FILLING** ink-well keeps a new desk pen automatically loaded with enough ink for a page of writing. The combination keeps pen from drying, saves filling. . . .

**10 • A RECENTLY** developed device clamps electric fuses tightly regardless of size of clip. . . .

**11 • A NEW** paint can be applied to galvanized iron and other surfaces without primer or other preparation. It protects the surface and offers insulation against the sun's heat. . . .

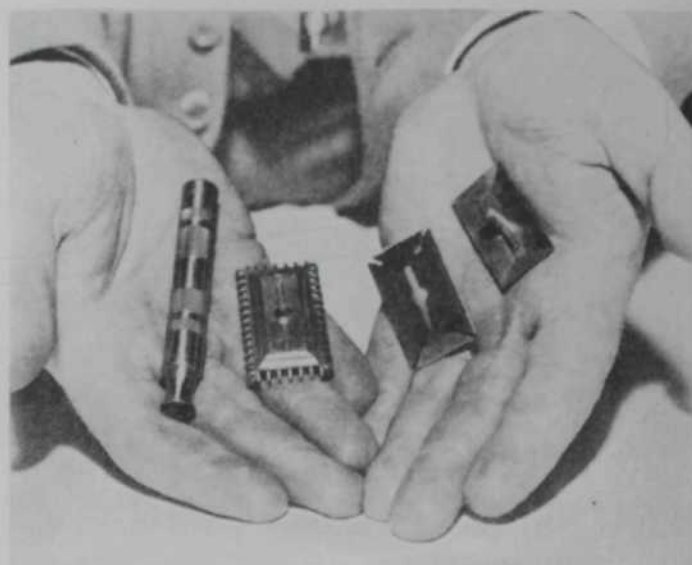
**12 • LIGHT LOADS** which, because of their bulkiness, require a 1½ ton truck chassis may now be carried on a ½ or ¾ ton chassis with a body conversion that increases the space but not the wheel length. Obvious operating savings. . . .

**13 • WATERPROOF** plywood can be made by a zinc-chloride organic adhesive. Soluble in water when applied, the adhesive is converted by the hot press into a form insoluble at ordinary temperatures. . . .

**14 • A NEW** scale to show over- and under-weight eliminates parallax by using a shadow on the scale for pointer. It's noiseless and enclosed to be dust-proof. . . .

**15 • FOR TRAILERITES** there are now offered paper kits and deodorizing solutions for the temporary disposal of garbage and other waste. . . .

**16 • A NEW** type automobile battery has mats of spun glass between the plates preventing the lead particles from dropping and providing a battery life said to equal the car's life. . . .



**26 • A NEW** razor and blade give extra shaving surface by utilizing ends as well as sides of the blade. Economy is claimed and also easier access to the crannies of the human physiognomy. . . .

**17 • WATER COOLERS** that become heaters at sub-freezing temperatures are now made for use where they may be exposed to freezing temperatures. A thermostatically controlled heating element cuts in and prevents freezing even at 20° F. below zero. . . .

**18 • FOR HOISTS,** cranes, heavy machinery, there is a new three-shoe magnet brake covering 85 per cent of the wheel periphery. Spring set, it gives smooth braking for either direction of rotation. Easily accessible for adjustments. . . .

**19 • A NEW** motor horn of exceptional penetrating tone for open road driving is made to cut out at slower speeds, making practical a soothing horn where conditions do not require loudness. . . .

**20 • GLASSWARE** of a new design features colored molded plastic handles. The colored pieces may be removed and other colors inserted giving novel and varied decorations. . . .

**21 • A NEW** type of playing cards has two values of spots on each card, one tinted blue. After the cards are dealt, the choice of blue or white zones is made. The choice adds interest in many games, including bridge, and poker is much wilder. . . .

**22 • TWO BEN DAY** screens are easily made by an artist on new drawing paper which is specially prepared. A developing fluid is painted on with brush bringing up the choice of screens. It is said to save time and engravers' cost. . . .

**23 • AN ELECTRICAL** stethoscope amplifies heart sounds for physicians isolating and accentuating the murmur sounds ordinarily so difficult to detect. . . .

**24 • SHOWCARDS** stand out when produced by a new pen which makes raised lettering in a wide choice of colors. . . .

**25 • TRANSPARENT** manikins made of cellulose plastics offer a new sales stimulus for wearing apparel. They're easy to handle because of their lightness, yet not easily broken. . . .

—WILLARD L. HAMMER

**EDITOR'S NOTE**—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.





PHOTOGRAPH BY JOHN PAUL PENNEBAKER

## TO MEN WANTING ACTION

For sheer excitement and plenty of action, nothing beats wild horsepower. Horsepower out of control, whether it's a pitching, mad-eyed bronco or a very ordinary-looking electric motor, puts on a thrilling show . . . but it doesn't do a whit of useful work. If the motors in your factory are just for show . . . just to make the wheels go 'round . . . you needn't be fussy about their control, Motor Control. But if you want them to earn their keep . . . if you want action *plus* results . . . remember the important part Motor Control plays in this era of electrified manufacturing.

Executives today buy Motor Control with the

greatest care. Many call in Cutler-Hammer engineers to survey their equipment regularly to see that every last electrical horsepower used is earning its way. They specify Cutler-Hammer Motor Control for every motor purchased whether it is a separate drive or a part of a complete machine. You, too, will find such discrimination well worth the effort. Most motor builders recommend Cutler-Hammer Motor Control and a host of reliable independent wholesalers stock it for your convenience. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus. 1251 St. Paul Avenue, Milwaukee, Wisconsin.

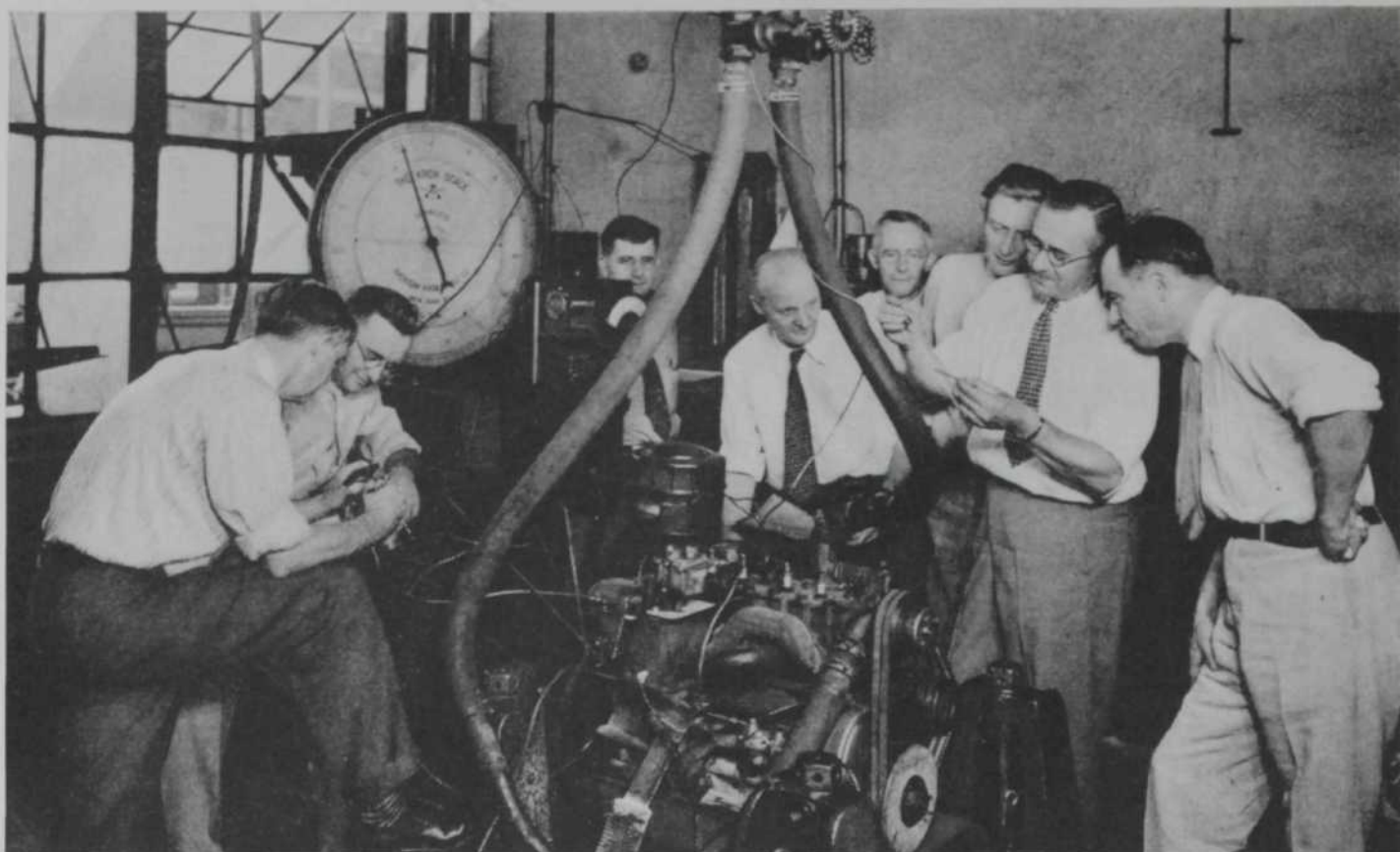
### What is Motor Control?

Motor Control has many forms. Whether a little device like a cold control on your household refrigerator or an entire balcony panel as in the steel mills, it starts, stops, regulates and protects motors to save time, trouble and expense. The name Cutler-Hammer is its greatest guarantee.



**CUTLER-HAMMER**  **MOTOR CONTROL**





COURTESY OF STUDEBAKER

Ceaseless effort toward improvement has been a factor in bringing back prosperity

# Automobiles Round the Corner

BY WALTER L. McCAIN

HOW sound business principles achieved  
a turn for the better at a time when busi-  
ness and public morale were at their lowest

IT IS a paradox that the motor industry prospers in rather direct proportion to its success in keeping its customers dissatisfied. Just about this time of year, the manufacturers center their whole attention on this particular purpose and the public is being thrilled with the sleek and glistening new models which make all other cars obsolete and rouse in the breast of the average citizen the impelling desire to buy.

But that is not the only anomaly in this great business of providing people with personal and private transportation. The National Automobile Show in Grand Central Palace, New York, is a sort of gigantic display window for the industry where the motor car makers exhibit their

wares to the people they hope will buy them—and the people pay for the privilege of looking! Indeed, so well do they pay that collections from admissions usually meet the whole cost of the show.

There are other strange things about this great industry which are perplexing to business men in other fields, though they long since have come to be accepted as a matter of course. Consider, for example, the tremendous market for automobiles and the persistent demand which has turned a one-time luxury into a present-day necessity—a commodity

which takes first place without dispute in the scale of public desire. Yet the companies which manufacture passenger cars are scarcely a round dozen in number. Scores of manufacturers have entered the field, only to flourish for a time and then drop out of sight. Today, with demand still rising and with basic patents no longer a serious obstacle to competition, fewer companies than ever before are sharing a bigger business.

A great industry with a huge output and entirely devoid of ordinary sales problems, or collection difficulties—that is the making of automobiles. The manufacturer operates, to all practical purposes, on a c.o.d. basis. Every shipment is paid for as soon as it reaches its destina-



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111	RALPH RANDALL	HELPER	.50
112	CHRIST RANNEY	GRDR.	.60
113	RICHARD QUIRK	GRDR.	.65
114	ALFRED QUINLAN	CARP.	.85
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122	JOHN UDDMAN	POLISH	.55
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456 WYOMING  
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FINK 2682 BAILEY  
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NELSON 4658 EDDY  
SHICK 1818 LORA  
MANNING 9755 EUG  
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HUMBOLT 2931 BR  
CARTWRIGHT 2952 BR  
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WHEREVER listing of names, data or commodities is done, there Addressograph will bring four important betterments: easier work, completed in a fraction of the time, with no errors and at less cost!

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A new 32-page booklet describing this new machine and the work it does will be sent on request. Address letter or postal to

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## CLASS 900 ADDRESSOGRAPH

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tion. Strictly speaking there are no factory salesmen, although every company has a sales department. Selling is the function of the automobile dealer and the manufacturer's "salesmen" are engaged in maintaining contact with retail outlets and in stimulating dealer sales activity.

Now, lest some factory sales manager rise in wrathful refutation, let me quickly repeat that I spoke of an industry devoid of *ordinary* sales problems. The manufacturer does have a peculiarly specialized sales problem and that is to sell a franchise for his line to the most efficient dealer in any given locality and the measure of the sales manager's success is the caliber of the dealer organization he builds up.

In a larger sense, of course, the creation of public demand, or consumer acceptance, for any given line of cars, is a selling job by the manufacturer, which he accomplishes by advertising on a truly tremendous scale, but the point of sale is in the dealer's store and even though, to a certain extent, automobiles sell them-

selves, this country's thirty-odd thousand motor car retailers have built up a remarkably skillful sales technique.

### Getting out of depression

PERHAPS, to the average man, the strangest thing about the motor industry is its recovery from the depression; for it has been traveling the come-back trail ever since 1932—the vanguard of American business reconstruction. Today it is close to its peak in unit output, in dollar volume and in profits. It is beyond its peak in employment.

The secret does not lie in any emergency measure of artificial stimulation nor is it explained entirely by the extraordinary persistence of public demand. The industry's vitality and resiliency are due, primarily, to the quality of management which it has developed to a degree unknown in all the history of commercial enterprise.

Management is the typically American characteristic which has capitalized the public yearning for automobiles in this country as it has been capitalized nowhere else in the world. Management has solved the problems of production and distribution. It has overcome every technical obstacle by patient, scientific research, and has

been able to deliver, year after year, the improvements in appearance and in design which have made motor cars more reasonable in price and more satisfactory in operation, thus continually whetting the public appetite.

It is management which stemmed the tide of depression and applied sound business principles to achieve a turn for the better at a time when business and public morale were at their lowest. The recovery of the motor industry was steadfast. It had no relapses, and in its wake it finally drew the whole structure of American enterprise. Today its annual ceremony of new model introduction presages a cycle which will certainly rival, and probably surpass, the industry's seven-year period of peak production, from 1923 to 1929.

In trying to forecast the future it is most useful to review the past. Let us see just how far the automobile industry has climbed the upgrade road to recovery. The high point in production, both in number of units and in dollar value, was



#### GENERAL MOTORS

Reducing number of dealers, but doubling sales, is achievement of W. E. Holler, Chevrolet sales manager



#### STUDEBAKER

S. W. Sparrow, research man, develops better methods of vaporizing gasoline



#### FORD

W. J. Cameron, whose radio talks created wide interest in field of industrial and public relations



#### CORD

R. H. Faulkner, Auburn's president, who pioneered in unusual styling and daring innovations of Cord

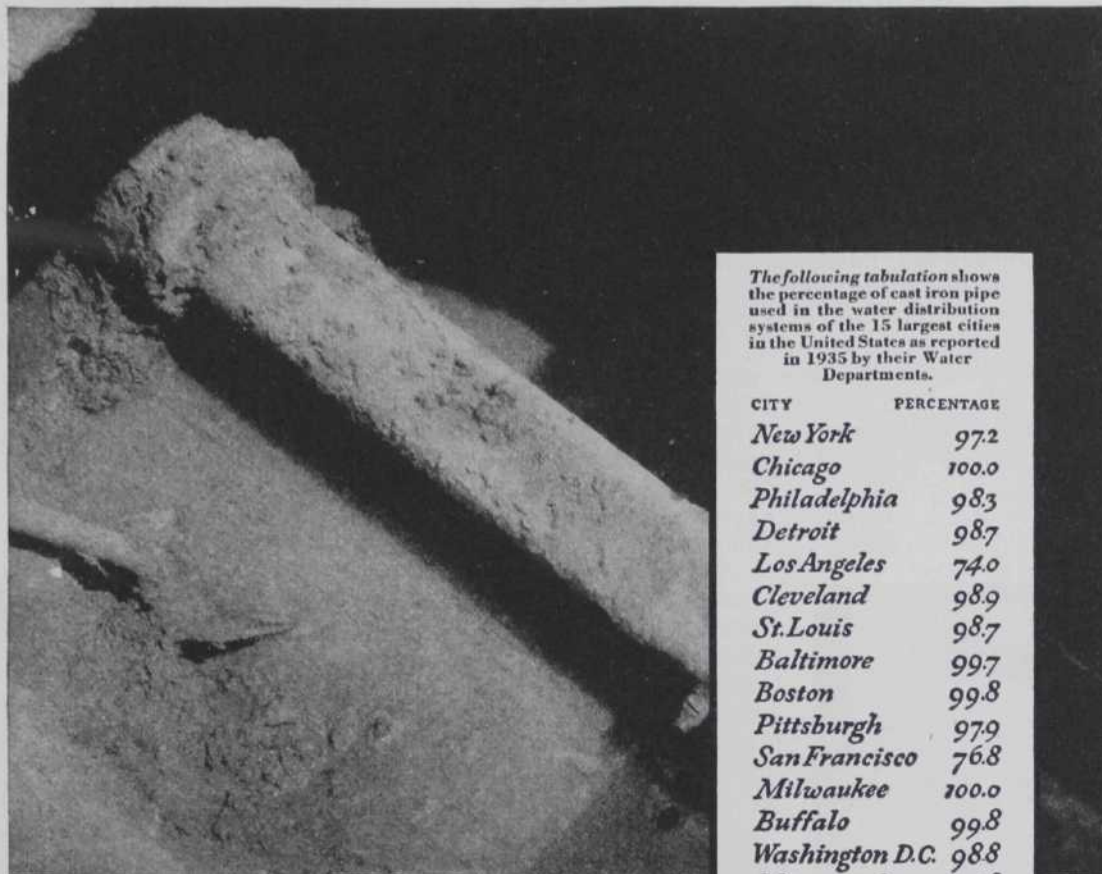


#### PACKARD

George T. Christopher, vice president, gets much credit for developing entry in lower class field



# Delivering Water night and day for 106 years !



Unretouched photograph of a section of 106-year-old cast iron water main still rendering satisfactory service in Philadelphia's distribution system.

The following tabulation shows the percentage of cast iron pipe used in the water distribution systems of the 15 largest cities in the United States as reported in 1935 by their Water Departments.

CITY	PERCENTAGE
New York	97.2
Chicago	100.0
Philadelphia	98.3
Detroit	98.7
Los Angeles	74.0
Cleveland	98.9
St. Louis	98.7
Baltimore	99.7
Boston	99.8
Pittsburgh	97.9
San Francisco	76.8
Milwaukee	100.0
Buffalo	99.8
Washington D.C.	98.8
Minneapolis	95.8

**W**ATER is free if you go and get it. But if you want it at the turn of a faucet you must pay for the service. Less than the price of a soda for a hundred gallons—a very small cost for an efficient and indispensable public service. One of the reasons why water is cheap is the long life and negligible maintenance cost of cast iron water distribution mains. More than 95% of the pipe which distributes water to the 24 million residents of our 15 largest cities is cast iron pipe.

Cast iron is the standard material for water mains. Its useful life is *more than a century* because of its effective resistance to rust. It is the one ferrous metal pipe for water and gas mains, and for sewer construction, that will not disintegrate from rust. Available in diameters from 1¼ to 84 inches. For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1011 Peoples Gas Building, Chicago, Illinois.

## CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS



1929. Production, in the United States, that year, was 5,359,090 (cars and trucks) and the dollar volume was \$3,413,148,206. The low point was in 1932 when 1,370,678 units were produced and the total value was \$754,848,504.

In 1933, production went up by about a half million units and dollar volume increased more than \$150,000,000. The improvement continued at an accelerated pace in 1934 and in 1935 production was up to 3,946,934, exceeded only by the years 1923, 1925, 1926, 1928 and 1929.

### Almost a record year

IN the first nine months of 1936, domestic production approximated 3,500,000 and there is a strong likelihood of a million more finished assemblies before the end of the year. It is already apparent that the full record of this year will rival that of 1928 and will be substantially surpassed only by 1929.

It was significant of the industry's fight against the depression that dol-

lar volume did not entirely keep pace with unit production. The trend of prices was down. This, however, was only partly due to business conditions and the record reflects management's consistent effort to produce better cars at lower prices. The improvement in the quality and appearance of automobiles has been obvious. The trend of prices is shown by a study of averages from which the following figures are reported by the Automobile Manufacturers Association:

In 1925 the average price of motor cars manufactured in the United States was \$887. In 1926 it declined to \$831, then rose the next year to \$861. The downward course was resumed in 1928 when the average price was \$803, and it continued for five years: \$743 in 1929; \$703 in 1930; \$676 in 1931; \$637 in 1932 and \$555 in 1933.

Improved buying power brought a slight upturn in 1934 when the average price was \$585 and it declined only slightly to \$580 in 1935. For the present year, based on sales from November, 1935, to March, 1936, the average price has again passed the \$600 mark, standing at \$603.

The trend can be better understood by examining the record of sales by wholesale price classes. In 1925, 52.2 per cent of all cars sold were priced under \$500. In the range of \$500 to \$750 were 17.1 per cent and in the range of \$751 to \$1,000 were 14.1 per cent. In 1933 the number sold in

the range of \$500 or less rose to 80.9 per cent with 14.6 per cent in the next highest class and only two per cent in the range of \$751 to \$1,000. In 1935 the proportion had again changed, significantly to 52.7 per cent under \$500; 42.6 per cent in the range from \$500 to \$750, and 3.3 per cent in the range of \$751 to \$1,000.

In 1927, 20.7 per cent of all cars sold were priced at more than \$1,000. In 1935 only 1.4 per cent fell in this class. The trend has been definitely away from very high-priced cars but with a swing, in the past two years, toward something better than the cheapest. The three leading lines, in point of sales, Chevrolet, Ford and Plymouth, claimed 72.5 per cent of all sales in 1934 but only 68 per cent in 1935 and 64.9 per cent in the first six months of 1936.

If charted in a continuous curve, the average price of automobiles would show a steady downward course, with temporary irregularities reflecting shifting currents in public buying power. The future course of the curve is a matter for conjecture,



**NASH**

N. E. Wahlberg, engineer, responsible for simplified engine with only two main castings



**CHRYSLER**

D. S. Eddins, Plymouth president, made new world's record—2385 cars from one plant in a day



**WILLYS-OVERLAND**

D. R. Wilson, president, expects to put Willys back into competition with 70,000 cars his goal for next year



**HUDSON**

A. E. Barit, president, specializes in coordinating various branches of his organization



**GRAHAM-PAIGE**

F. F. Kishline, chief engineer, who used vacuum cleaner fan to develop Graham Supercharger



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package ideas

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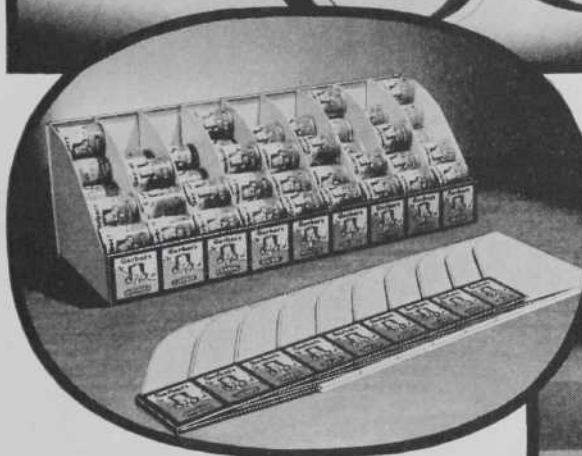
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products get

*Results*

**WHEN ONE BUY STARTS ANOTHER.** Find an extra reason for making your product wanted, and you find your sales moving up, up, up. That's the experience of *this* manufacturer who adopted this idea of second-use container tops — metal closures that later become coasters (or ash trays), each with a different design to make women repurchase to complete a set. First used for tea, it's an idea that is practical (and profitable) for dozens of products.



**THE KING IS DEAD—LONG LIVE THE KING!** Dill's Best package, all seem to agree, is this new one, just produced by Canco. Even consumers agree (by their purchases) that the still-good-looking older package is overshadowed by the wider appeal of the newer, more modern vintage. Change in times brings changes in fashions. Does your container need remodeling here and there? Canco can make it click.



**EASY PICKINGS** when you make your product easy to pick up, examine, buy. Canco is past master at making metal displays that reach out and say — "Look — you need this product. Buy it!" This display (merchandising a whole line of canned strained vegetables) is inexpensive to supply . . . and, because it is collapsible, economical to ship. Let Canco's Merchandising Specialties Division originate the right display for you.



**CHALK? INDEED CHALK IN TINS** — good old schoolroom blackboard chalk — now marketed in smart new metal containers. Less breakage, fewer profit-eating turn-backs, better package appearance, more sales. Proving that even the three R's are tin-wise.

## AMERICAN CAN COMPANY

230 Park Avenue **CANCO** New York City

World's Largest Manufacturer of Metal and Fibre Containers



but it is the best thought of the industry that it has found its level for some time to come and may never return to the higher plane of the early 'twenties.

Predicting the future course of production and sales is less difficult. Here prophecies can be based on something approaching the scientific mortality figures of the life insurance companies. A study of automobiles and their operation since the beginning of the industry shows that the average life expectancy of a passenger car, before the depression, was seven years. In 1935 more than 22,000,000 passenger cars were in use in this country. Assuming that total ownership does not fall much below that point, it will require annual production of something better than 3,000,000 cars to take care of replacements alone, without regard to a possible increase in the market.

The record shows that 1935 was the first year since 1929 in which 3,000,000 or more passenger cars were produced. That means that an accumulated deficit of production has been built up due to the fact that people have been using their cars, during the depression, beyond their normal period of usefulness. These cars must wear out in time, and if we estimate 1936 production at 4,500,000, which is indicated by the record of the first nine months, we find that on January 1, 1937, the total accumulated production deficit will be about 8,000,000 cars. In other words, the industry will have to build 8,000,000 cars, in addition to the normal yearly average of 3,000,000 plus, to fill the replacement demand.

### Large production

THIS may mean eight years of 4,000,000 production levels. It may mean four years of 5,000,000 production levels. Conceivably it might mean two years of 7,000,000 production levels. Prediction cannot be exact. It would be far better for the industry if the accumulated deficit were worked off slowly, since sustained production at more than 5,000,000 cars a year would undoubtedly lead to expansion of production facilities beyond the point which will be necessary for the continued replacement demand of the future. Such expansion would naturally be reflected in many other in-

dustries whose products are used largely in the manufacture of motor cars, and thus might lead to a subsequent collapse and another depression. Management which has been wise enough to weather the storm just passed, however, may be expected to guard against such an obvious recurrence.

So much for the outlook in production. What is the financial picture? What has happened to profits during these depression years, while the average price per car has been falling?

The manufacture of automobiles (except in the case of such specialized construction as fire engines, buses and heavy trucks) has become definitely a business of large units. Tremendous resources are required, not only to meet production problems but to carry on the ceaseless scientific research necessary to product improvement which has been shown to be such a vital factor in successful operation. Quality of product is only one element in the making of profit.

ings, was 1929, when profits rose to \$420,000,000 in round numbers.

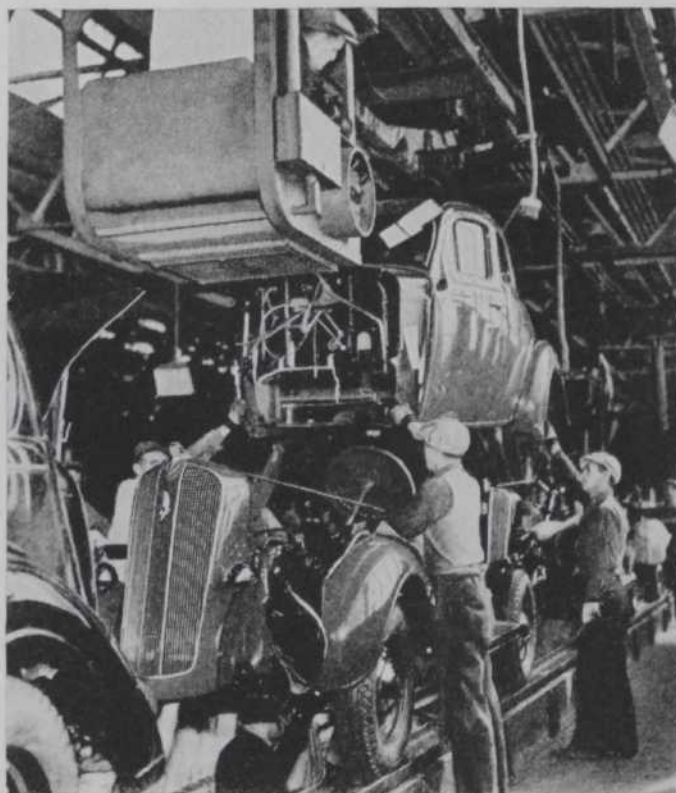
Net earnings tell the story of recovery even more strikingly than do production and sales statistics. The bottom of the depression was in 1932, when the industry showed a combined net loss exceeding \$50,000,000.

### American-style management

RECOVERY, in the automobile industry, has been an achievement of wise management in the traditional American manner. Grimly hewing to the line, the manufacturers demonstrated that persistence and redoubled efforts were just as potent as ever. They steadfastly turned away from quack business remedies. The one major change which was made in customary procedure was peculiarly a matter of management. There were no sweeping changes in the product of the industry, or in its price structure. There was only the comparatively simple move of advancing the introduction of new models from January 1 to November 1, thus giving a stimulus to the winter months which were formerly the lowest point of sales. Under this arrangement the "change-over" period, when assembly lines are idle as factories are retooled, must be shortened, for sales run strong well into the summer, and production of new models must be well under way by November.

This change went into effect in November, 1935. It undoubtedly has helped increase sales, but its good effect is particularly noticeable in employment. As the automobile factories this summer approached the end of their first "new model" year, the cheerful word came from the manufacturing centers that employment had reached a new peak, beyond even the boom year of 1929.

So the motor industry stands, once more, on the heights. In recent years fundamental advances in automotive engineering have been few but the research men have not been idle. Many a startling innovation has been thoroughly tested and approved and awaits only that psychological moment when the buyers' demand for something new will justify the immense expense of equipping for their production.



COURTESY OF PLYMOUTH

Management has solved the problems of production to give better cars for less money

Nevertheless, it may be said that earnings, in general, have vastly improved, and most of the manufacturing companies have managed to get out of the red in 1936. In the case of the big producers, 1936 net earnings may be close to the best years. Available figures show that combined profits for the industry in 1936 will be more than \$300,000,000. The highest point ever reached, in net earn-





HOWARD MORRIS  
Riveter, Golden Gate  
Bridge, San Francisco,  
September, 1936 . . .

## RIVET-GUN PIONEER

his trail spans the Golden Gate

Sturdy men add a mile and three-quarters to the Redwood Highway, and all the world watches these modern pioneers rush completion of the Golden Gate Bridge. It's a trail of steel against the sunset — blazed with rivet guns instead of six-shooters; for this is the West of 1936.

It is also the West of Transamerica, whose financial initiative helped launch this \$35,000,000 bridge project.



Transamerica is a vital part of the West; its dollars flow through every important financial artery; its activities, as expressed through Bank of America and a score of other subsidiaries, promote agriculture, business and industry; its wholly-owned subsidiaries employ 10,000 men and women; its ownership is vested in more than 200,000 stockholders. Transamerica is part of the West . . . *still* the West of the pioneer.

## TRANSAMERICA CORPORATION

460 MONTGOMERY STREET • SAN FRANCISCO





# Washington and Your Business

BY IRA E. BENNETT

Editor 1909-1934

"The Washington Post"

**Dear Mac:** Although we must await the verdict of November 3 before we can get a very definite line on the future, a great many things now going on will continue in one fashion or another no matter who wins the election. In the meantime we can discuss proposals being made and try to get our houses in order so that, whatever happens, we won't be too seriously affected.

## Crop Insurance

CAN'T tell you much about the crop insurance plan—if there is a plan. Secretary Wallace says he has a plan. Farmers are to pay premiums in wheat, corn, and other products, and their policies are to be paid in wheat, corn, or whatever the policy calls for. The Uncle Sam Crop Insurance Company is to accumulate big assets of wheat, corn, etc., to serve as an ever-normal granary against lean years and will dole out these supplies to farmers who fail to make the grade and are entitled to insurance.

But Secretary Wallace still believes that the Agriculture Department can outwit nature—provided always that it is allowed to "control" agriculture.

There's the rub. The Supreme Court rules that the Government has no authority to control agriculture. It has ruled thus several times on New Deal laws.

## "One Way or the Other"

POSSIBLY we'll see a showdown between the Supreme Court doctrine of constitutional limitation and the theory of unlimited governmental power. If the NRA decision had not been unanimous, the believers in unlimited power might have figured that the so-called "liberals" on the bench would be reinforced in due time by retirement of "reactionary" justices. But since the liberals agreed with the reactionaries there isn't much hope of a change in Supreme Court doctrine.

Therefore the march of social insurance must be over the Supreme Court and not through it. The Constitution must give way to the new doctrine of universal insurance. If the "reform" can't be accomplished in one way it must be in another way. Well informed observers tell me that if the New Deal should remain in power and if the Supreme Court should invalidate more laws, the certain result will be a determined drive to amend the Constitution by giving the federal Government full authority to control industry, agriculture and labor.

## Social Security

IN the meantime the defects of the Social Security Act are admitted on all sides. This means that the law will be overhauled no matter who is elected. Lawyers of impartial mind say that a more careful Congress will strike out palpably

unconstitutional provisions of the present Act. If Congress doesn't reach that point in time, the Supreme Court, in their opinion, will do the striking out.

The controversial points in the law revolve around the taking of property without due process of law and without compensation; the apparent undue delegation of power; the invasion of states' rights; and other questions that run afoul of the Constitution.

The Act purports to obtain validity under the "general welfare clause." But the Supreme Court insists that it be shown whenever that clause is invoked. Even when legislating for the general welfare, Congress must stay within the Constitution—all parts of it.

## Uncle Sam, Utility Czar

MUCH was heard of conferences intended to bring about pooling arrangements between the Tennessee Valley Authority power system and private systems in that area. Nothing came of them—for very good reasons.

The "pooling" proposal involved extension of municipally-owned distributing systems in several Tennessee cities, financed by the federal Government by loan and gift. These cities are already served by private distributing systems. The companies oppose construction of duplicate systems which would render their own systems worthless. As these companies have sufficient power to meet all requirements, it is not necessary to draw on TVA power, or to pool the two sources of power.

TVA, until and unless invalidated by cases now going before the Supreme Court, must go forward with development and operation of power systems. The law requires it, and the TVA leaders are bent upon doing it. They want the concentrated patronage of cities. In actual test the TVA is like any business concern—it seeks business.

Within a few months the country will know whether TVA is valid or not. If valid, vast expansion of federal power systems may be expected. If invalid, the Government will be confined to disposing of power surplus produced as an incident to the improvement of navigation and provision for national defense. Uncle Sam in that case cannot make a business of building dams and power lines primarily for commercial or "social" purposes.

Many people believe that TVA has been held constitutional. That's not so. The final question as to whether Uncle Sam can become a merchandiser remains to be answered by the Supreme Court.

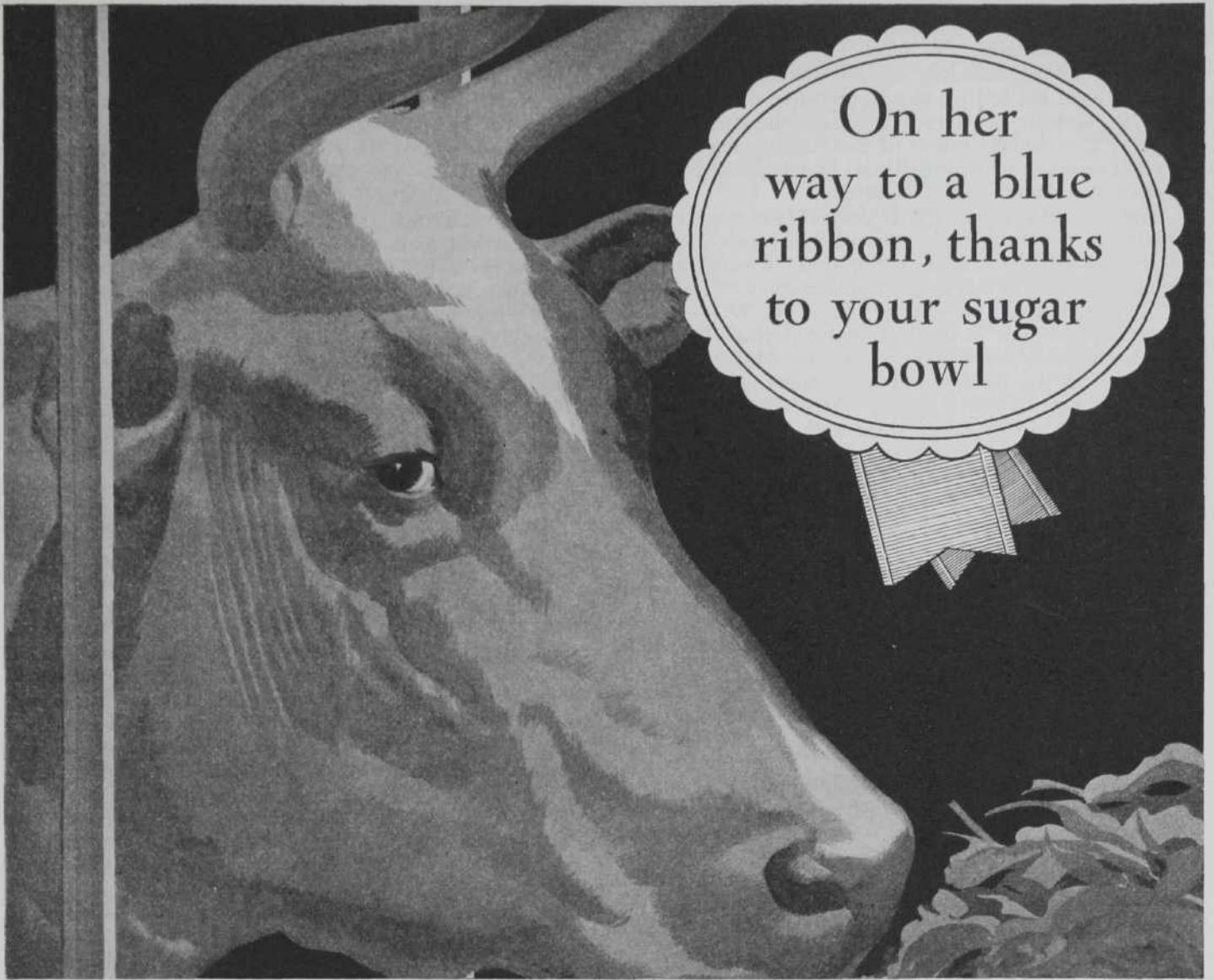
## Selling to Uncle Sam

THE tendency of Government bureaucrats to stretch out for power beyond intent of the law is well illustrated by the regulations drawn up in the Labor Department for administration of the Walsh-Healey Act. This is the law designed to impose labor restrictions upon all goods purchased by the Government.

In the law as finally enacted provisions were made for exemption of open market purchases. This would seem to indicate that such items as carpets, furniture, bolts, nails and the like, which are normally sold from the shelf, would be exempt.

The Secretary of Labor interpreted this provision to





**I**MAGINE a cow thanking you for eating beet sugar! But well she might; because without beet sugar there would be no beet pulp—and beet pulp has contributed to practically every world record set for milk production in years . . . When you extract sugar from the sliced root, the economic usefulness of the big, white beet is just beginning.



Local, then state, then national and finally world records and more world records have been set by Robert and Catherine Roemer's dairy cows—heavy eaters of dried beet pulp—Ft. Collins, Colo.

Any dairyman can "slug" a cow with grain and rich concentrates for high milk production—a little while! And soon have a burnt-out cow or a dead one! But dried

An industry engaged in developing American natural resources, improving American agriculture, and supplying American markets with an all-American food product



pulp works differently. True, it is a very rich food, actually comparing with corn in feeding value. But unlike heavy grain, dried pulp is bulky, fluffy, succulent. It stimulates appetite. It promotes health. It sustains milk flow. Maine to California, Sweden to Little America, dried pulp is famous for "keeping cows on green pastures all winter." It is demanded also for meat-cattle and sheep, for race-horses and poultry.

Dried pulp is only one of the valuable by-products of America's efficient beet sugar industry. "The Silver Wedge," a booklet sent on request, tells the story of other by-products—wet pulp, molasses, beet tops, etc.—and the far-reaching benefits of this industry to other agriculture and other industries. It will reassure you to know how much the beet is doing in addition to supplying thirty million Americans with pure sparkling sugar.

# UNITED STATES BEET SUGAR ASSOCIATION

826 GOLDEN CYCLE BUILDING

COLORADO SPRINGS, COLORADO



mean that exemption shall be granted only when the contracting officer is authorized to make a direct purchase without advertising for bids. Under public contract statutes of long standing the purchasing agent cannot buy without bid-letting in any quantity over \$500 (except in certain purchases such as airplanes for the army). The evident intent of Congress to exempt open market purchases as brought out in debate over the bill, is thus overridden by the Secretary.

Interpretation of the word "dealer" is also undertaken by the bureaucrats. If he doesn't carry goods in stock which are exactly similar to the kind on which he bids, he isn't eligible to bid, states the Secretary of Labor.

"This definition of dealer," says W. W. Schupner, secretary-manager of the National-American Wholesale Lumber Association, "entirely overlooks long-established practices in the lumber industry. Most lumber wholesalers do not maintain places where lumber is carried in stock, but make direct shipments from mill to customer. They have always been recognized as regular dealers by the Government."

An interpretation of the interpretations seems the next order of business for this busy bureaucracy which has not even received an appropriation from Congress to carry on its attempt to impose regulations similar to the old NRA labor restrictions. As pointed out in the August NATION'S BUSINESS, efforts to make the Walsh-Healey Act an entering wedge for governmental control of industry are well under way.

Furthermore the Government is creating a policy of using government contracts as a means of enforcing labor policies.

## Court Decisions

SEVERAL Supreme Court decisions affecting the Government's relations with business are foreshadowed. The court will review the right of the Public Works Administration to lend and donate funds to local communities to build power plants to compete with private plants.

If the decision should sustain this right, several cities in Tennessee will be free to go ahead with construction of distribution systems competing with private plants. Then, if TVA should be validated, it can proceed to furnish power to those cities, and government operation and ownership of power systems will be "on its way."

All parts of the country are interested in knowing whether or not publicly-owned and operated power systems are to come into existence. Giant projects covering every section are proposed.

## Labor Relations

THE Supreme Court is also moving toward a definition of federal power in labor matters. It will review the case of the Virginian Railway Co., which challenges the validity of the collective bargaining provisions of the Railway Labor Act. This suit does not go to the root of federal power to regulate industrial conditions, as does the Wagner Act, which is to be reviewed later. Within a month or two, however, the country should know whether or not the Government has power to regulate labor relations in industries not engaged in interstate commerce.

## Drive for War Embargo

GATHERINGS of peace societies have begun, to continue all winter. They have for their object a drive upon Congress to enact a new neutrality law which will provide for an absolute embargo upon all American foreign commerce in case of foreign war.

Some of these peace societies are mere masks for socialistic and communistic propaganda. Others are made up largely of patriotic Americans who honestly

believe that the only way to avoid war is to abandon commerce on the seas.

This subject has been threshed out many times in Congress, in former years. It is not a new idea. The fallacy that surrender of business intercourse with other nations will keep the United States out of war was made evident many years ago. Nevertheless it is now espoused by earnest and eloquent citizens, as well as by propagandists of socialistic pacifism.

Make no mistake, Mac. This movement is very powerful, and will make its impression upon Congress. If it should prevail it would work cruel injury upon Americans dependent for their living upon commerce. Fortunately the proposal is opposed by strong men in Congress, notably Senator Borah.

## Farm Machine Investigation

AMONG the multitudinous investigations going forward is one that puts farm implement and machinery concerns under the harrow of inquiry. Federal Trade Commission agents are going over the books and papers, and interviewing farm organizations and retail dealers in farm equipment. The commission is directed to report to Congress on these points: Whether any implement concern has violated the antitrust laws; whether any conspiracies exist for restraint of trade or unfair trade practices; whether price-fixing or price discrimination is practiced; whether monopolies in the farm implement industry are being formed; whether any combinations have been formed to restrict or control supply, manipulate prices, or restrict credit; whether prices have been affected by violations of law; whether costs and profits have been misstated or concealed; the extent of control in the hands of particular manufacturers; the costs, prices, and profits in the business; the distribution methods and dealer price-spreads; relative price movements of farm implements and farm products since 1914; and what measures Congress should take to correct conditions adversely affecting the farmer.

This investigation is part of the bigger job imposed upon the Federal Trade Commission to make a report covering the economic condition of agriculture.

## Budget Estimates

YOU want to know something about next year's government spending. I can't get the information. No inkling is given of budget-making, except the general statement that economy is the rule in apportioning estimated funds to "regular" departments and independent establishments.

Not until after election will the country know what is in the executive mind as to next year's spending, or how the money is to be raised. Indirectly, through Senator Harrison, the word went out that there would be no new taxes, but that promise has been made before. It's either new taxes or new borrowing—and borrowing means taxes eventually.

As the number of workers on the Hopkins works-progress roll seems to be undiminished, and as drought relief will be necessary for months to come, I'm told by fairly well informed officials that the fund to be granted to Hopkins (assuming New Deal victory) will reach \$1,500,000,000.

The last session of Congress appropriated \$10,000,000,000, increasing the public debt about \$6,000,000,000.

## Whisky Fools 'Em

REMEMBER how everybody expected the revenue tax on whisky to help pay the national debt? The revenue is only half of what was expected. Whisky stocks are headed toward the 500,000,000 gallon mark—production away



ahead of consumption. A price war is talked of, but some experts say the surplus will be laid away to age and that cheaper and better whisky will result.

In spite of piling-up domestic production, whisky imports are increasing. Imports for the first six months of 1936 nearly equal imports for the entire year 1935. Canada is sending in whisky at the rate of 5,750,000 gallons a year, and Great Britain is sending it in at the rate of 4,800,000 gallons a year. Britain as a "most favored nation" gets the benefit of the reduced duty given to Canada in the trade agreement.

Another trade agreement, that with the Netherlands, was supposed to give Holland gin an extra look-in in the American Market, but Great Britain, "most favored nation," has stolen the show. Netherlands sent in only 3,500 gallons of gin in the first half of the year, while Britain sent more than 22,000 gallons. Cuba and Haiti got trade concessions on rum, but imports of rum from both are at a lesser rate than in 1935, while the United Kingdom and Jamaica are sending in more.

## "Most Favored Nation"

THIS "most favored nation" clause in treaties works for strange results. Japan and Great Britain seem to get the greatest benefits. Both have most favor-

ed nation treaties galore, but they are shy about making trade agreements. Thus they get all benefits when other nations make tariff concessions, and give nothing in return. The effect of trade agreements is to give Japan and Great Britain any advantages which American exporters are supposed to get in foreign countries, so that our cotton goods exporters, for example, find Japan undercutting them in trade-agreement countries.

On the import side, Japan obtains the advantages of reduced tariff rates granted to trade-agreement countries, so that American cotton-goods manufacturers are facing deadly Japanese competition in the American market, particularly in cotton cloths.

## Cotton Men Protest

PRESIDENT Neild of the National Association of Cotton Manufacturers sounds the call for "flood-control of Japanese imports." He tells northern cotton manufacturers that Japanese goods made on the "coolie wage scale" can undersell American goods in any market, including the American market. Therefore he urges that trade agreements aimed at expanding foreign trade should be held in check until the effect upon the domestic wage scale is not destructive.

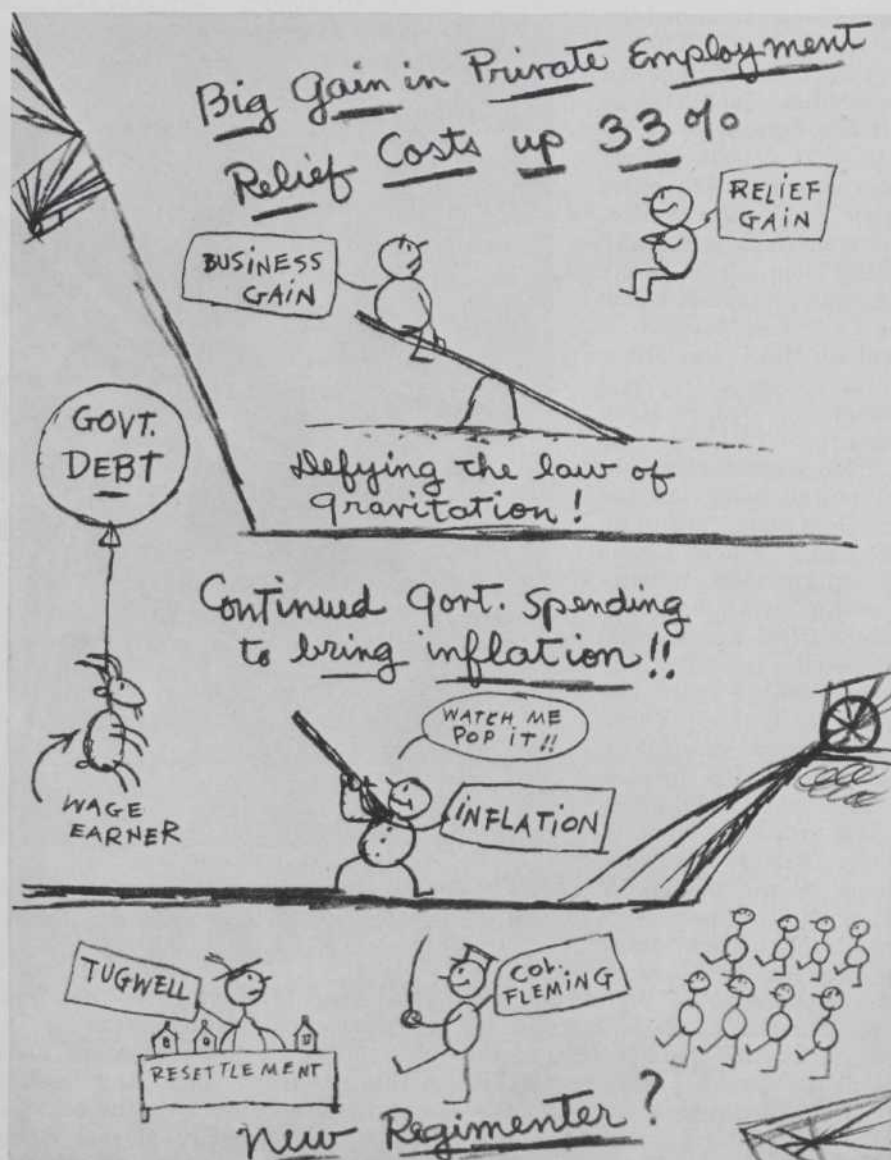
Assistant Secretary Sayre, in a speech at Boston on Sept. 29, contended that the effect of imports of Japanese cotton cloths had been greatly exaggerated. He admitted that these imports had increased, but added that he was informed that all the imports from Japan in 1935 could have been turned out by a moderate-sized American mill employing only 1200 workers.

Japanese competition is increasing, just the same, not only in America, but throughout the world. It is a situation that calls for great skill and diplomacy in protecting American labor against Japanese wage scales.

## Dots and Dashes

BY THE end of August the excess of American imports over exports during 1936 was \$40,607,000—last calendar year the excess of exports was \$235,000,000. . . . The United States is buying more from trade-agreement countries than it is selling to them, with the exception of Brazil and Haiti. . . . Cotton manufacturers are massing to demand higher tariff protection all along the line. . . . Americans are strong for art—they have imported \$20,000,000 worth this year. . . . Labor, religious and other non-profit organizations demand more free radio time. . . . Another law must go through the courts—Commodity Exchange Act. . . . Sales of electrical equipment are running 25 per cent ahead of last year. . . . Look out for big appropriations for flood-control projects—Congress has made a modest start by authorizing \$320,000,000. . . . Change of tonnage rules at Panama Canal will give American vessels a fairer deal.

## From a Business Man's Scratch Pad . . . No. 7





# Delivering the Kilowatt

BY J. A. SWITZER

Professor, Hydraulic and Sanitary Engineering, University of Tennessee

AT 9:50 o'clock on the morning of July 4, 1936, two huge hydroelectric power generators, operating under a head of 850 feet, on the Pigeon River in western North Carolina, were humming their 60-cycle hum that could have been heard for half a mile—if there had been any to hear but the handful of power house attendants. The turbines, operating at full capacity, were converting the power of water into that mysterious thing we call electricity. The plant is one of the generating stations of the Carolina Power & Light Company, called the Waterville plant, in honor of the little village of Waterville, Tenn., some half dozen miles away.

At 9:50 o'clock on that same morning, 450 miles away from Waterville, two men were peacefully fishing from a boat in the then quiet tailrace below the Lay Dam generating plant on the Coosa River—near a sign which read "Dangerous Water—Keep Away from Tailrace."

Three large turbines in the power house at the Lay Dam were "idling on the line," which means that they were turning over but without load, their control gates nearly closed, passing only enough water from the reservoir to keep them running in exact synchronism with loaded turbines in the widely interconnected power system of which they are a part, among these being the Waterville turbines.

At 9:51 o'clock, there occurred a momentary requirement for power beyond the carrying capacity of the Waterville tie lines and so, for their protection, the automatic circuit-breakers "kicked out." This meant that instantaneously Waterville "dropped the load." In less than five seconds the Lay Dam

turbines on the Coosa River in Alabama, 450 miles away, automatically picked it up. As the turbine gates opened to admit more water a great surge rushed out into the tailrace. The fishermen's boat was swamped. Great mechanical efficiency, and a

along that morning dropped for an instant below pitch. The electric lights flickered, and electric clocks lost a fraction of a second. That was all.

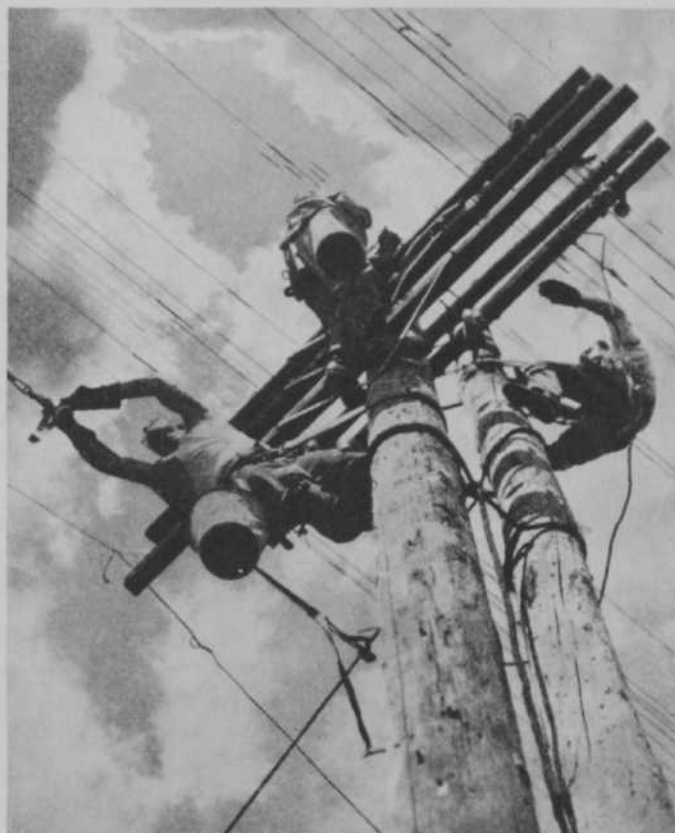
Few people—none but the initiated—have the slightest conception of the complexity of the task of operating an integrated superpower system, covering thousands of square miles of territory, including dozens of power-generating stations both water power and steam power; hundreds of switching stations; thousands of transformers; hundreds of thousands of customers; and all the intricate and delicate control instruments, the safety devices, the automatic governors which are almost human, the time-limit relays—the thousand-and-one absolutely essential mechanisms which contribute to a service so nearly flawless in its functioning that the general public has come to take its 24 hour electric service as a matter of course.

## Trained personnel

AND the human element in the power business!

Notwithstanding the inventions of scores of research workers, all the wonderful contraptions

that ingenuity has been able to devise, the electric power business would fail if it were not for the intelligent alertness, the zeal and the devotion of a highly trained personnel, from the president down the line to the "trouble-shooter" who, in sun



H. ARMSTRONG ROBERTS

The trouble-shooter, in sun or storm, gets out when there is trouble and stays until the line is cleared



# When GOOD FELLOWS *get together . .*

"There is a time for some things, and a time for all things; a time for great things, and time for small things," *wrote the author of Don Quixote more than three hundred years ago.*

CERTAINLY there is a proper time and place to practise good fellowship, to let the heart go out in song and story, to affirm man's humanity to man, to assert the saving cheer of comradeship, to proclaim to the world that joy and laughter are still in the land of the living.

Going out with the boys, or participating in a party is a social interlude, not a permanent way of living.

Good times are kept green in memory, not by fuddled heads the morning after, but by the clear-minded fitness that is its own eloquent advertisement of moderation in using the good things of this world. "Tomorrow brings him no regret," runs the old

song, and that is the goal of Seagram's, —a policy of moderation.

Good fellowship achieves its greatest worth in keeping sharp and keen all the faculties by which it is enjoyed.

A man of wit keeps his wits about him. He will not impair his mental and physical resources by excessive indulgence of his tastes. He will see to it that he becomes no burden to his associates. He bends the elbow, but not the knee.

Moderation, he will learn, is no cranky counselor preaching "let alone," but rather the wise counselor who abhors gluttony in any form,—a good fellow among good fellows.

*Seagram-Distillers Corporation—Executive Offices: New York*

THE HOUSE OF  
**Seagram**

FINE WHISKIES SINCE 1857



or storm, rain, snow or sleet, gets out when there is trouble and stays on the job until "the line is cleared."

Come with me to the office of the Load Dispatcher of a large power company; a company that is one of a dozen independent but closely integrated interconnected power companies, cooperating for the common good, not only of the companies themselves but the public as well. Take a typical, fairly large company, serving, say, 150,000 customers scattered over 25,000 square miles operating a half-dozen widely scattered power-generating plants, 100 or more miles apart, and serving its customers through some 7,000 miles of transmission lines. The integrated system of which this company is a part covers, we will say, 200,000 square miles, and has at its disposal 80 or 90 power plants with an aggre-

gate capacity of 2,000,000 kilowatts.

If, as you enter the Load Dispatcher's office, there happens to be no thunderstorm anywhere in the territory, the office will be a tranquil place, and the few operators on duty will have plenty of time to explain all the intricacies of "load dispatching."

### The nerve center of a system

AS you enter the room your attention is at once arrested by a large wall map, perhaps 30 feet long, and which is not really a map but rather an animated chart of the entire system. Lines of different color represent transmission and distribution lines. Here and there tiny lights are showing green, red, white, with an occasional flashing light blinking out some mysterious signal. Facing this

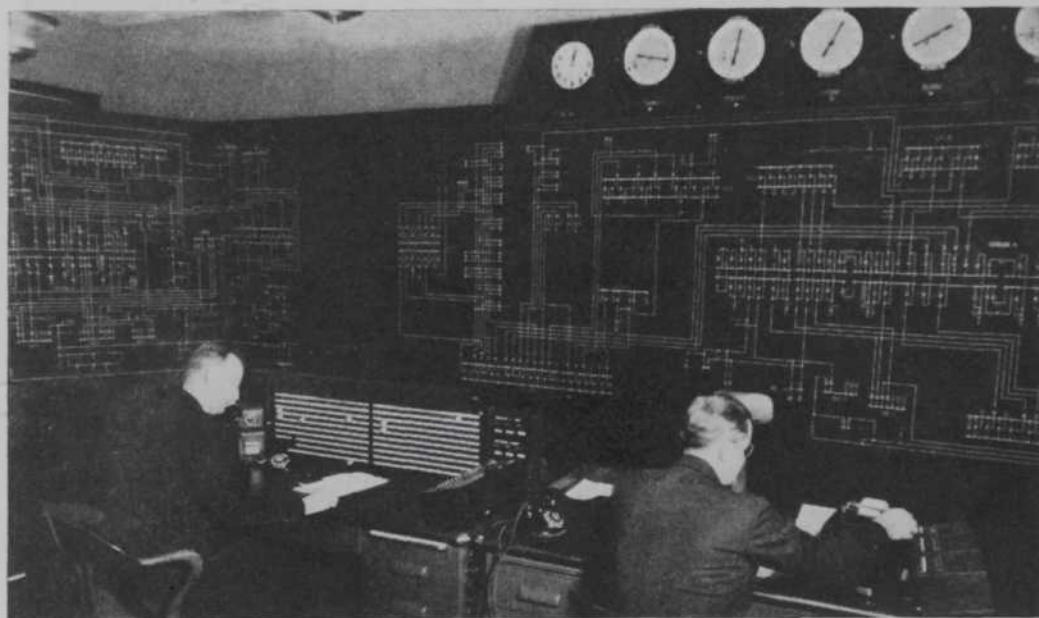
chart, behind a large and complicated switchboard, sit the operators. Private telephone wires go out to all the power houses and switching stations on the system, and to the control room of all interconnected power companies. This room is the nerve center, the solar plexus of the system.

The wall diagram shows every generator, every transmission line, every high-tension switch; and the colored lights show the experienced operator at a glance which generators are running, which are dead, which switches are hot, which cold. Indicating meters report how much load is being carried; whether power is feeding out to one neighbor company, or in from another. Recording meters keep tabs on power exchanges with other members of the interconnected system.

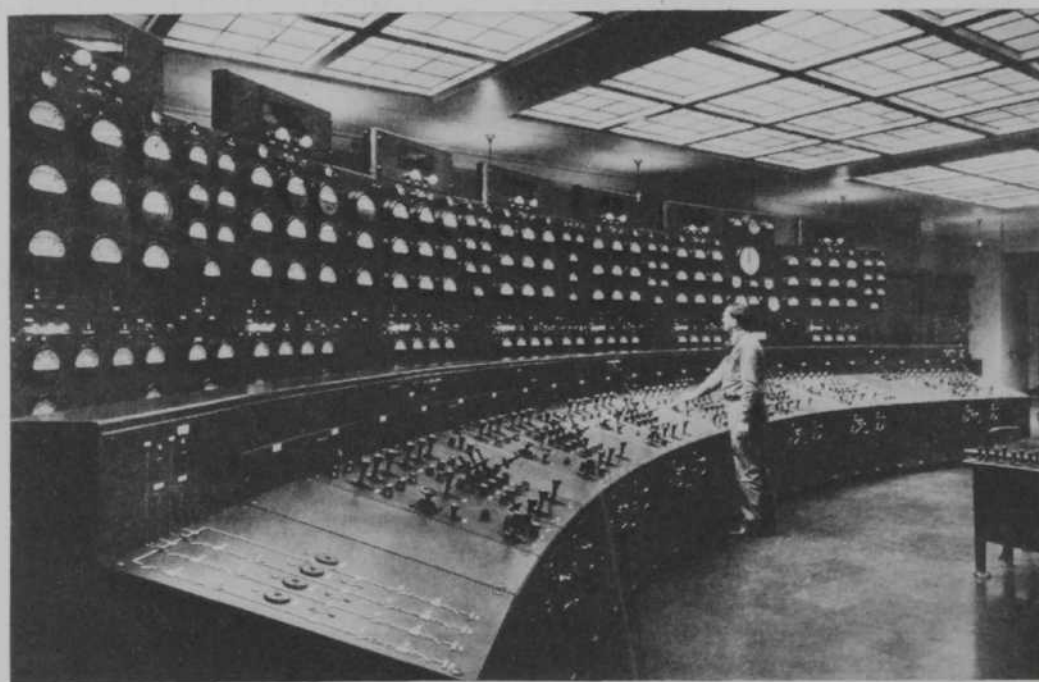
The operator knows at all times how the water stands in each reservoir, where, if anywhere, water is going to waste over a dam spillway. He could tell you at any instant what the weather is at any point in the territory, how much rain fell, and where, in the past 24 hours, also where more rain is likely. Rain, of course, is the life-blood of a hydroelectric plant! The operator can "shift load" from one power plant to another or from one generator to another in the same plant. Should a sudden rain cause water to begin to run uselessly over a dam, he will shift load from some storage plant to this run-of-river plant, and so, in effect, catch the runaway water and store it in a reservoir hundreds of miles away, perhaps on another stream. The storage dam may even belong to another company. If, for that day, his own company is the one selected to "regulate" for the whole interconnected system, his jurisdiction over plant operation that day extends to every plant of every member company in the superpower system.

From the moment when the load dispatcher reports for duty to the end of his trick, he is on his toes. Anything can happen at any time, and generally without warning. When a transformer, 300 miles away, burns out and cuts off a part of the system, the news reaches him almost instantly, and, thanks to the company's telephone system, within five

(Continued on page 98)



The Load Dispatcher must know all about his own company and interconnected companies. The flashing lights on the chart (above) help keep him informed







DELEGATE ELEVATOR MAINTENANCE RESPONSIBILITY!

## IT'S *Rightly* A WESTINGHOUSE SERVICE

Westinghouse Elevator Maintenance Contracts carry advantages and savings that warrant your time for inquiry. While Westinghouse engineers completely relieve you of the care of elevators, their constant watchfulness anticipates important needs of the elevators amounting to large savings over a period of years. The equipment is kept in a renewed condition at all times. Interrupted service for replacement of parts or repairs is avoided. Accurate elevator maintenance budgets can be established, and the elevators will be operating at high efficiency, giving their best service continually.

As a nation-wide organization, Westinghouse is completely set up to offer every type of elevator maintenance contract and at low cost. Get in touch with any Westinghouse representative.

### **ELEVATOR MODERNIZATION PLANNING:**

If your elevator service and appearance does not meet the demands of desirable tenants; *if* the general condition of the elevators should require too expensive a repair program; *if* rush periods of traffic cannot be handled adequately; *if* maintenance and operating cost of obsolete equipment is too high—Westinghouse engineers will make a comprehensive study without charge.

# Westinghouse



ELECTRIC ELEVATOR COMPANY



# Men Whose Names Make Business News



## STEEL FOR AUSTRALIA

Chas. R. Hook of American Rolling Mill to build sheet steel plant for auto bodies in Australia



GLENN SCHWING

## BANK GENERAL

Tom K. Smith of St. Louis Boatmen's National Bank to lead Bankers Association for next year



MOFFETT-RUSSELL

## ELECTRIC SPARKLER

Standard Gas and Electric Company's new chief, B. W. Lynch, specializes in finance and merging



BLANK & STOLLER

## EXCHANGE ECONOMIST

Bradford Smith of Cleveland Trust Company appointed economist for New York Stock Exchange



## LIAISON

B. Howell Griswold, Jr., chairman Investment Bankers Conference to aid SEC improve regulations



VERNON CALVERT HART

## STOCKMAN

W. K. Wright heads new Union Stockyards Corp. which acquired Swift's stockyard holdings



NATION-WIDE NEWS SERVICE

## STRETCHES OUT

B. Earl Puckett, Allied Stores suzerain, acquires 34th unit, Dey Brothers, of Syracuse, N. Y.



## NEW AIR WINGS

W. A. Patterson, president, United Air Lines, putting 20 new \$110,000 planes in service



W. B. POYNTER

## MONEY WRITER

Thomas J. Kiphart, Fifth-Third Union Trust Co., Cincinnati, heads Financial Advertisers Association



# 25,000

# UNDERWOOD TYPEWRITERS

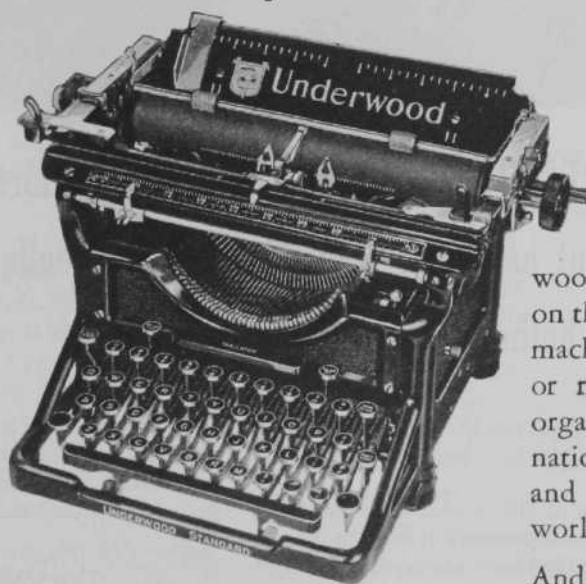
## SOLD TO A SINGLE OIL COMPANY!



### Big Petroleum Organization, Enthusiastic Underwood User for years, purchases its twenty-five thousandth machine!

Twenty-five thousand typewriters! Enough to supply the entire typing needs of many an American city! Enough to take care of all the writing requirements of many a foreign country! Yet these twenty-five thousand machines were purchased by a single great oil company and *they're all Underwoods!*

This petroleum organization is one of many that has selected Underwood Typewriters as a definite business policy, year by year. It has selected Underwoods because it knows that they are dependable...that they will stand up under the most rigorous of service conditions. It has selected Underwoods because



it knows that they are supreme in speed, accuracy and simplicity... that they do a consistently clean-cut typing job. It has selected Under-

*For easier, quieter operation and a better, cleaner-cut typing job... for speed, accuracy, durability and simplicity... select the new Underwood Standard Typewriter. It alone offers this combination among its outstanding features... Cushioned Typing, Touch Tuning, and the famous Champion Keyboard.*

• • •

woods because it knows that on those rare occasions when a machine *does* require adjustment or repairs, there is a service organization back of it that is nation-wide, company-owned and second to none in all the world in efficiency.

And so from this oil company as a reward for performance throughout the years, has come the order for its twenty-five thousandth Underwood.



# UNDERWOOD

Underwood Elliott Fisher  
Speeds the World's Business

## STANDARD TYPEWRITER

Typewriter Division

UNDERWOOD ELLIOTT FISHER COMPANY  
Typewriters... Accounting Machines... Adding Machines... Carbon Paper, Ribbons and other Supplies  
One Park Avenue, New York, N. Y.  
Sales and Service Everywhere



# Do Executives Earn Their Pay?

BY RALPH L. WOODS

Industrial Traffic Analyst

WHEN the newspapers mention that John Q. Executive, president of the Makem and Sellem Corporation, receives an annual salary of \$60,000, the effect on readers is varied. A low-salaried clerk, with obligations greater than his income, may read it with mingled envy and despair. A dividend starved stockholder may view it with suspicion. An ex-executive colleague may sneer as he reads. Automobile and real estate salesmen jot down the name and speculate on how best to get past the man's secretary. At Union Square in New York City exhibitionistic neurotics seize upon it as a pretext to cry out still louder for blood and thunder.

An academic economist might welcome the figure as proof or refutation of some profound theory or other. To be sure, some of Mr. Executive's distant relatives will note the announcement with satisfaction that is destined to ripen into anticipation.

It is useful to mention a few of these reactions because they illustrate that executive compensation is such a contentious question mainly because there are so many ways to look at it.

However, there is another group of readers who experience none of these emotions when they scan the executive salary lists. These people merely murmur, "How interesting; I wonder how much profit the Makem and Sellem Corporation is showing these days?"

In other words, they are satisfied that John Q. Executive's \$60,000 is reasonable if the company he heads is in good shape, has a good margin of profit on the turnover, and is large enough to make administration of its affairs a heavy responsibility. In short, this group is composed of pragmatists; hard-boiled business men who don't give a damn what a man's salary is providing he is



GETTING down to cases in an effort to find out how high management costs really are and whether the results justify them

really worth it to the company.

That is all this article is interested in finding out. Moreover, the writer has made no effort to estimate whether or not any one executive's salary is too high or too low, but only whether or not, on the average, and on the record, American business is getting a fair return on its investment in management.

Before we get down to cases it may help the reader to know how this subject has been approached. In the first place, the editor simply said to submit whatever facts and conclusions turned up. No restrictions were imposed. I decided a deep inquiry into a relatively small number of corporations would be more useful than a superficial investigation of a larger number. Consequently, 40 companies, representing a cross-section

of our industrial and commercial life, were selected. Not until after these companies were chosen was any inquiry made into their management costs, assets, earnings and general condition.

## Two special classes omitted

RAILROADS were deliberately omitted because their executive salaries were reduced at the "suggestion" of the Federal Coordinator, and because of the unusual competitive situation confronting them. Manufacturers of passenger automobiles also were ruled out because their marked leadership in recovering from the depression might tend to make these conclusions unduly rosy.

Otherwise the investigation has been unfettered. Incidentally, no further consideration was given to the fact that certain industries and companies suffered more than others from the depression. In determining management costs, all payments for legal advice, advertising,



# "MONTHLY REPORTS...

# SIX DAYS EARLIER"



Entrance to Harris-Seybold-Potter Building

**T**O PRACTICAL business men, results are more convincing than rhetoric. The following letter is concerned with *results* obtained by a typical "Comptometer" user:

"Less than two years ago, a decision was made to handle all our figure work on 'Comptometers,'" writes Mr. H. B. Markle, Office Manager of the Harris-Seybold-Potter Company, manufacturers of printing presses and paper-cutting machinery in Cleveland, Ohio.

"As a result, we are now turning out *twice* the volume of figure work with the *same number* of figuring clerks.

"Monthly reports previously compiled on the 11th of the following month are now ready on the 5th — *six days earlier*. Overtime has been eliminated.

"These savings can be credited to the speed and accuracy of the 'Comptometer' and trained operators,



Model J "Comptometer"

because our figure-work routines have not been changed materially.

"Quite naturally, we are sold on the value of standardizing on 'Comptometers.'"

Hundreds of large and small concerns achieve similar results with the "Comptometer." The broad flexibility and speed of the "Comptometer" make it a valuable economic factor in handling the accounting work involved in the Social Security Act.

If speed, accuracy, and economy in handling figure work are essential to the efficient conduct of your business, telephone the "Comptometer" office in your locality. Or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.

# COMPTOMETER

Reg. U. S. Pat. Off.



publicity, auditors, engineers, tax consultants, and others not on the regular pay roll, were excluded. Only "fixed" management costs were included.

The companies chosen include:

- 1 liquor distiller
- 1 brass manufacturer
- 3 oil companies
- 1 motor truck manufacturer
- 1 cigarette manufacturer
- 1 dental supply manufacturer
- 1 communications company
- 1 variety chain store company
- 1 chewing gum manufacturer
- 1 auto body manufacturer
- 1 electric light and power company
- 1 paper manufacturer
- 1 manufacturer of pipe line supplies
- 1 glass manufacturer
- 1 industrial alcohol company
- 1 manufacturer of rubber tires
- 1 trans-oceanic steamship company
- 1 aircraft manufacturer
- 1 cigar manufacturer
- 1 waterworks company
- 4 steel companies
- 1 lead refiner and manufacturer
- 1 fountain pen manufacturer
- 1 carpet mill
- 1 mail order company
- 1 pump and machine manufacturer
- 1 shoe machinery manufacturer
- 1 air transport company
- 1 operator of varied retail shops
- 1 manufacturer of rubber articles
- 1 candy manufacturer and retailer
- 1 operator of department stores
- 1 manufacturer of electrical equipment
- 1 dairy company
- 1 drug manufacturer

The assets of these companies total \$14,000,000,000. Seven reported deficits on their 1935 operations, and nine showed deficits per share.

### Average is \$24,600

THE management of these 40 corporations is in the hands of 1,151 executives. Their compensation totals \$28,400,000 annually. The average per executive is \$24,600. A drug manufacturer has the lowest average executive compensation with \$5,700; a cigarette manufacturer has the highest with \$78,000 per executive.

First, let us examine the executive compensation paid by corporations which suffered deficits in 1935. It is particularly interesting to do this in view of the charge that managements "milk" the treasury dry. Nine companies showed deficits per common share. Their 187 executives average \$24,021 annually. This is only \$579 less than the average for all. However, among these nine corporations are two huge steel companies, both of which show net incomes on their consolidated income accounts, but deficits per share of common stock. When these two steel companies are eliminated from consideration, the average per executive of companies with current operating deficits drops to \$13,200. This increases the average for executives with companies enjoying net incomes to \$25,800 a year.

It is interesting to find that this

relatively low average executive compensation paid by corporations with current operating deficits is also influenced by the size of the companies involved. Thus, the average total assets for all companies is \$351,277,000, whereas the average assets for these companies with deficits is only \$50,357,000. There is a bit more that ought to be placed on the record.

For example, it could be said that three of these seven companies have management costs exceeding current operating deficits. On the face of it that might sound bad. But look at the table below and you find that the deficits are small and the management costs apparently not excessive.

Deficit	Total Management Costs	Average per Executive
\$ 1,784	\$110,400	\$ 7,800
95,387	123,900	13,700
1,393	58,000	11,600

A final glance at these corporations with deficits (including the two steel companies with net incomes but

task on the rolls of employment agencies. This is often overlooked.

When the executive management costs of all 40 corporations are compared to their total assets the same relationship is evident as in the case of the corporations with deficits.

Salary Group	Average Assets per Company
\$ 5,000 to \$10,000	\$ 24,415,000
10,000 to 20,000	103,993,000
20,000 to 30,000	*1,229,679,000
30,000 to 40,000	487,633,000
40,000 to 50,000	249,108,000

\*This salary group includes the American Telephone and Telegraph Company, which has exceptionally large assets. When it is not included in the computation the average assets per company in this group drop to \$292,848,000.

If we compare executive management costs of companies with a per share deficit to those with earnings per share we find further evidence that corporations "in the red" are not so black as sometimes painted.

	Average Earning	Average Management Cost Per Share	Aver. % of Net Income	Aver. % of Total Assets
31 Corporations with earnings per share common	\$2.91	52.6 cents	17.11%	1.16%
9 Corporations with deficits per share common	\$3.65†	49.9 cents	—	.89%
The 10 leading per share earners of these 31 corporations with profits per share	\$5.90	56 cents	5.9%	1.4%

†Deficit, per share.

deficits per share of common) clearly illustrates that the size of a company is an important element in determining the rate of compensation.

No. of Corps.	Average Executive Compensation Between	Total Assets
3	\$5,000 and \$10,000	\$ 3,109,000 11,216,000 29,877,000
3	Between \$10,000 and \$20,000	6,296,000 23,286,000 31,455,000
1	Between \$20,000 and \$30,000	247,673,000
1	Between \$30,000 and \$40,000	1,822,000,000
1	Between \$40,000 and \$50,000	673,074,000

This table indicates that executive compensation is not paid only because profits are made, important as they are. Every industry and every company at some time or other has its perilous period. These past few years have added woe upon woe. All the more reason for corporations with huge assets to have highly capable, trained and experienced men to administer their affairs, conserve their resources, and steer the organization past the rocks of receivership. Moreover, it is a social necessity that this be done. Incidentally, you don't ordinarily find men qualified for the

These figures tell considerably more than mere words. Of particular significance is the fact that management costs per share of common stock are lowest when the company has suffered a deficit, and highest when profits per share are large. However, management costs per share do not increase nearly so much as earnings per share increase. On the basis of this table it cannot be said that management profits at the expense of stockholders, or that it unduly increases its income when the corporation's earnings rise.

### Earnings drop faster than salary

BECAUSE management is a more or less fixed charge against a corporation, there are times when it can be made to seem a positive liability; a dissipator of resources. For example, when earnings drop, the percentage of executive compensation to earnings naturally increases. In other words, earnings drop much faster than executive compensation. But on the other hand, when earnings increase, the percentage of executive compensation to earnings decreases. That is, earnings increase much faster than management costs. Thus, executive compensation can be made to



## Meet Pete!

**H** E'S A STEEL WORKER. Has a job with Republic. Had one all through the depression, because Republic kept as many men on the payrolls as possible—at a loss. Now Pete is working full time.

And thousands of other Petes have been steadily added to Republic's payrolls—till today they total 49,789.

These Republic employees, with their families, would make a city approximately the size of Syracuse. They draw, in pay, nearly 40 cents out of every dollar that Republic takes in. Their individual purchases help to support thousands of others in their respective communities.

Everything in the way of equipment and raw material that Republic buys for Pete, helps make a job for some one else in some other field.

And every ton of steel that Pete helps turn out, makes jobs for other men in scores of other lines.

Both directly and indirectly, Republic is helping industry at large in re-employing men.

### REPUBLIC STEEL CORPORATION

GENERAL OFFICES: REPUBLIC BUILDING, CLEVELAND, OHIO





appear piratical or reasonable, according to whether a company's earnings are currently small or large. Actually, the relationship between executive compensation and earnings is not so intimate as might at first thought be supposed. The size of a company, the nature of its business, the extent to which specialized knowledge is required of executives, the company's long-time outlook, are other factors which influence executive salaries.

It is worth noting, however, that in recent years the tendency is for corporations to pay executives a nominal salary with a bonus arrangement predicated on earnings.

Possibly a few readers will be disappointed that the writer has not selected a few highly paid executives, and examined their mental processes, habits of life, business efficiency, the size of their hats, the number of push-buttons on their desks, the violence of their vocabulary under pressure, the size of their waistline and their capacity for Scotch and soda. But that sort of thing is utterly useless.

### Average pay follows value

AS A matter of fact, an individual's compensation has no place in this article. While there are certainly executives who receive more compensation than apparently can be justified, nevertheless one must first know all the circumstances. Besides, that is a matter for stockholders and directors. Here we are interested only in determining whether or not executive management of business, on the whole, is compensated according to the value of its service. The table below provides a rather complete and reassuring answer to the question.

earnings per share of common increase, management's percentage relationship to assets and net income decreases, and management costs per share of common decrease. This, mind you, is not opinion; it is simply the answer that popped out of the comptometer.

At the outset it was believed that interesting and significant conclusions would result from determining how many dollars in gross revenue were produced by each dollar spent for executive compensation. However, out of 40 corporations only 18 revealed their gross revenue and 12 made public their net sales.

Furthermore, the ratio of gross sales and net sales to management costs varied so greatly with different companies that the forming of any conclusions is out of the question. For example, a steamship company had 30 dollars in gross revenue for every dollar of executive compensation, whereas a mail order house had a ratio of \$1,350 to \$1. The average ratio of gross revenue to management costs for 18 companies was \$300 to \$1. The average ratio for the 12 companies reporting their net sales was \$178 to \$1. If you combine the net and gross of the 30 companies the average ratio is \$239 to \$1. However, one hesitates to interpret that figure, except to pass along the observation that you have to spend \$239 before you have contributed one dollar to the pay envelope of any one of these executives. Incidentally, if that thought disturbs you it may be cheering to recall that Mr. Executive has to hand over a greater share of his income to the tax collector than either you or I.

Upon second thought, one conclusion does emerge from this phase of

panies engaged in the same kind of business, a few useful generalizations could be arrived at. But here we have 35 distinctly different kinds of commercial and industrial enterprise. Obviously, the significance to be given the ratio of gross revenue and net sales to management costs depends upon the particular industry.

Employees would be somewhat less than human if they did not at some time or other reflect upon how it would help their individual pocket-books if the executives' salaries were divided among the rank and file. This seemed a good opportunity to find out how much it would mean to them. For each employee of one very small company it would mean \$400 annually. For the employees of one of the nation's largest organizations it would mean only \$5 each. The average for the 35 companies making public the number of their workers is only \$74 annually for each employee. That's hardly worth starting a revolution about. By the way, if this were done, how would these industrial and commercial organizations get along without executive direction?

### Large companies have small ratios

APROPOS of this is a National Industrial Conference Board study which revealed that executive compensation averaged one-third of the total pay roll of corporations employing from one to 25 men, and only one per cent of the total pay roll of large organizations. The average for almost 700 companies was three per cent.

No doubt a few readers will dispute some of the facts and conclusions in this article. They will instantly think of some executive who is not worth a clerk's salary. The writer can think of a few like that, too.

However, this discussion is concerned only with what it finds "on the average, and on the record." It does not pretend to be a blanket endorsement of the 1,151 executives whose compensation has been under examination.

In fact, it asks too much of credulity to suppose that every one of them is worthy of his title and salary. But "on the average, and on the record," it is reassuring and, to the writer at least, a more satisfactory situation than had been expected.

This article cannot properly end with a triumphant peroration because it never started out to prove anything. Rather, it is more a report of significant facts and figures. If they happen to prove something so much the better. After all, you don't need rhetoric when your facts are right.

40 Corporations Grouped Accord- ing to Aver. Ex- ecutive Salary	Aver. % Man. Cost Is of	Average Man. Cost Per Share	Average Deficit Per Share	Average Earning Per Share	% Man. Cost Is of Net Income
\$ 5,000 to \$10,000	1.83%	66 cents	\$2.07	\$ .75	42½%
10,000 to 20,000	1.26%	56 cents	3.42	2.02	20%
20,000 to 30,000	.91%	34.3 cents	9.26	2.84½	13.84%
30,000 to 40,000	.85%	*66.9 cents	2.76	5.15	†25.57%
40,000 to 50,000	.23%	21.8 cents	.70	3.13½	3.2%
50,000 to 80,000	.10%	21.5 cents	—	4.51	4.2%

\*One corporation in this group has management costs of \$2.99 per share. This is more than twice as much as any other company in any salary group. If it is removed from the calculation, the average drops to 29.5 cents per share, thereby maintaining the downward trend of management costs per share as the average executive compensation increases.

†If one company, whose management costs were equal to 122% of net income, is removed from the calculation, the average for the group is only 11.8%. It would be reasonable to remove this company since 1935 was one of its worst years, and since its great size compels a large outlay for management.

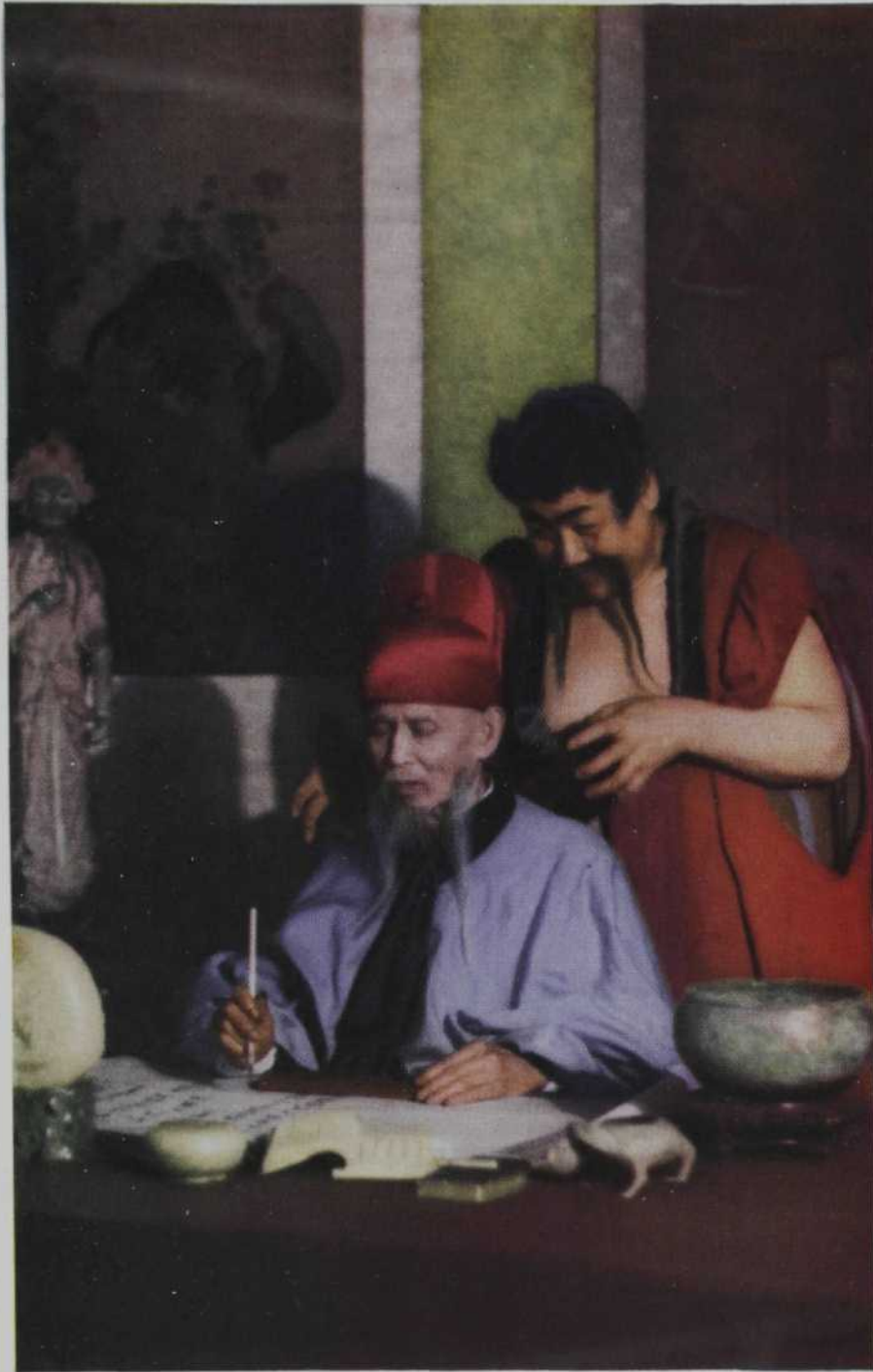
This table summarizes the entire question. The writer confesses his own amazement at the substantial justification it provides for the higher salaries. All one has to note is that, as executive compensation increases,

the inquiry. It is that the ratio of gross revenue or net sales to executive compensation gives no clue to a company's efficiency or the profitability of its operations.

Perhaps if one were studying com-



# Sen Chu's figures were right, but the Tartar couldn't add!



Once, there lived in China, a sage called Sen Chu. A great mathematician, he believed implicitly that numbers could explain the pattern of human life, that they could foretell the future. Sen Chu compiled long columns of figures to prove China could never be invaded. His figures were right, but his answer was wrong. For Sen Chu, his brilliant calculations on the table before him, was choked to death by the hands of an invading Tartar...who could not add.

SOMETIMES like Sen Chu, when an advertiser lays out his sales promotion program, his figures are right but his answer is wrong. He forgets that the real power and influence that any newspaper exerts as an advertising medium in its community depend not alone upon the number of its readers but also...*who* they are, *where* they live, and *why* they buy the paper.

In the case of Scripps-Howard Newspapers, the *character* of their readers is determined by the very nature of their editorial and business policies. Owned solely by the men who produce them, these newspapers are free to give fearless editorial expression and to print the whole news without distortion, bias or partisanship.

Such policies attract open-minded readers, the people who influence community opinion. Such policies are the chief circulation appeal to more than 2,000,000 daily purchasers of Scripps-Howard Newspapers.

And 91.5% of Scripps-Howard readers live within the city-trading-zone of those 23 important markets in which the newspapers are published. Thus, your advertising dollar goes where buying power is concentrated and, hence, sales costs are lowest. When an advertiser uses Scripps-Howard Newspapers the *answer* is right as well as the *figures*.

## SCRIPPS • HOWARD

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National Advertising Dept., 230 PARK AVENUE, NEW YORK • CHICAGO • SAN FRANCISCO • DETROIT • LOS ANGELES • ATLANTA • PHILADELPHIA • DALLAS



# WHO SERVES PROGR



*Almost one-sixth of all farms today have electrification, but this convenience was, in many sections of the country, unknown until Delco-Light grew out of improvements pioneered for General Motors cars.*

## LET THERE BE LIGHT

When General Motors was still a struggling young company, it saw the need for rural electrification, and set about developing an individual electric plant for isolated farm homes. What made this development possible was the adoption of the self-starter by Cadillac cars—for this step led to the development of larger and more reliable batteries—produced in greater quantity than ever before. Thus—from its early beginnings, General Motors contributions to progress have come from the interchange of ideas and experience within an organization pioneering in many fields.

## "*He shall stand before Kings*"

Few sentences ever written are more inspiring than the familiar Scriptural truth, "Seest thou a man diligent in his business he shall stand before kings." Not less does it apply to a nation than to a man. The place America holds in the world is the fruit of the diligence of her people.

The place she occupies in future will be determined by the same cause. Ask yourself: is it the part of diligence, or of the American character, to heed defeatist counsels now? Shall we divide our wealth — or *multiply* it? Shall we "stabilize" under restriction or regimentation — or *go forward*? Shall we produce fewer things at higher

# YOUR MONEY GOES FARTHER IN A

CHEVROLET PONTIAC OLDSMOBILE BUICK



# ESS SERVES AMERICA!



prices for fewer people—or *more* things at *lower* prices for *more* people? Every man of courage and enterprise knows the answer. Never was there a time in America with more limitless possibilities for free men of vision and resourcefulness than now. More people in our country want and need more and better things than

ever before. In providing the new things needed, in the new industries being born, in the rebuilding of the nation's vast production plant — here are opportunities not alone for diligence, but for increasing employment, for producing new markets and new wealth, for serving progress, greater than America has ever known!

## GENERAL

A SALLE CADILLAC



## MOTORS PRODUCT

DELCO

FRIGIDAIRE



# Here's the Guarantee THAT WON'T "EVAPORATE"

## FIND YOUR CAR ON THIS CHART

**IMPORTANT!** The price per gallon of an anti-freeze means nothing unless you know how many gallons you will need during the entire winter. You can't get that information on a boil-away anti-freeze. But you can get it for Eveready Prestone... and here it is. See how reasonably you can get two-way protection all winter long against both freeze-up and rust with one shot of Eveready Prestone—one shot because it won't boil off, no matter how warm the weather gets between the cold snaps. If your car isn't on this chart, your dealer has a chart showing all cars; and amounts needed for temperatures to 60° below zero.

Find your car and read from left to right. The first figure shows the protection you get with one gallon of Eveready Prestone in the cooling system; the second with one and a half gallons—and so on. "+" means above zero, "-" means below zero. If your car has a hot water heater, add 1/4 gallon to the quantity called for.

MODEL	1 GAL.	1 1/2 GAL.	2 GAL.	2 1/2 GAL.
<b>Auburn</b>				
6-52, '34; 6-53, '35; 6-54, '36	+12	-4	-27	-59
8-100, '32; 8-101, 8-105, '33	+15	+2	-16	-42
850, '34; 851, '35; 852, '36	+17	+6	-9	-28
<b>Buick</b>				
40, '34, '35, '36	+6	-18	-54	
60, '32, '30, '33, '34, '35	+12	-4	-27	-59
60, 80, 90, '36	+15	+2	-16	-42
80, 90, '32; 60, '33, '34, '35	+19	+9	-3	-19
<b>Cadillac</b>				
370-D, '34, '35	+14	0	-21	-50
355-D, '34, '35; 80, 85, '36	+16	+4	-12	-34
452-D, '34, '35; 90, '36	+19	+9	-3	-19
370-A, '31; 355-B, '32; 355-C, '33	+21	+13	+3	-9
60, 70, '35, '36	+22	+15	+8	0
<b>Chevrolet</b>				
Stand, '33, '34, '35	-12	-62		
Master, '33, '34, '35	-6	-47		
'31, '32	0	-34	-62	
All Models—'36	+8	-12	-43	
<b>Chrysler</b>				
6-32, '33, '34, '35	+12	-4	-27	-59
8-31, '32; A7, Imp, '35; 6-36	+15	+2	-16	-42
Roy, 8, Imp, 8, '33; Air 8, '35	+16	+4	-12	-34
70, '31; DeLuxe 8, '36	+18	+8	-6	-23
<b>De Soto</b>				
6, '31, '32, '33; 8, '31	+10	-8	-34	-62
6, '34; Airflow 6, Airstream 6, '36	+10	+4	-12	-34
Airflow, Airstream, '35	+12	-4	-27	-59
<b>Dodge</b>				
6, '32, '33, '34, D2, '36	+8	-12	-43	
Senior 6, '30; D7, '35	+12	-4	-27	-59
8-32, '33	+15	+2	-16	-42
<b>Ford</b>				
A, '30, '31; B, '32, '33	0	-34	-62	
V-8, '32, '33, '34, '36	+18	+8	-6	-23
V-8, '35	+10	+4	-12	-34
<b>Graham</b>				
80, 90, 110, '36	+10	-8	-34	-62
73-Spl. 6; 72-8, '35	+14	0	-21	-50
74 6, '35; 80, '36	0	-34	-62	
6, 8, '33; 6, 8, '34; 75, '35	+10	+4	-12	-34
<b>Hudson</b>				
6, '36	+3	-25	-62	
8, '31, '32, '33; 6, '35	+12	-4	-27	-59
8, '35, '36	+17	+6	-9	-28
8, '34	+19	+9	-3	-19
<b>Hupmobile</b>				
18, '31; Cent. 8, '32; 321, '33	+10	-8	-34	-62
417, 421, '34; 521, '35	+10	-8	-34	-62
322, '33; 422, '34; 518, '35;	+17	+6	-9	-28
6-618-G '36	+17	+6	-9	-28
326, '33; 426, '34; 527, '35;	+19	+10	0	-15
8-621-N '36	+19	+10	0	-15
<b>Lafayette</b>				
'34, '35, '36	+15	+2	-16	-42
<b>La Salle</b>				
50 (Str. 8), '36	+10	-8	-34	-62
350, '34; 35-50, '35	+15	+2	-16	-42
345-B, '32; 345-C, '33	+21	+13	+3	-9
<b>Lincoln</b>				
Zephyr, '36	+21	+13	+4	-7
116, '33, '34, '35; 36, 145, '34, '35, '36	+23	+17	+10	-2
<b>Nash</b>				
60, 70, '31; 960, 970, '32	+3	-25	-62	
1130, 1070, 1170, '33; 1220, '34	+12	-4	-27	-59
3620, 3640, 3640A, '36	+14	0	-21	-50
1280, '34; 3580, '35; 1080, 1180, '33	+17	+6	-9	-28
<b>Oldsmobile</b>				
F-30, '30; F-31, '31; F-35, '35;	+3	-25	-62	
F-36, '36	+3	-25	-62	
F-32, L-32, '32; F-33, '33;	+12	-4	-27	-59
L-35, '35; L-36, '36	+12	-4	-27	-59
L-33, '33; L-34, '34	+15	+2	-16	-42
<b>Packard</b>				
120-35, '36	+14	0	-21	-50
Sup. 8, '33; '34; 8, '33, '34, '35	+16	+4	-12	-34
Sup. 8, '35	+18	+8	-6	-23
745, '30; 845, '31; DeLuxe, '32	+21	+13	+3	-9
12, '33, '34, '35, '36	+25	+21	+10	+3
<b>Pierce Arrow</b>				
41, 42, 43, '31; 54, '32; 836-A, '34	+21	+13	+3	-9
1601-B, '36	+21	+13	+3	-9
840-A, '34; 845, '35	+22	+15	+6	-5
1602-63 (12), '36	+24	+20	+15	+9
<b>Plymouth</b>				
'30; PF, PG, '34	+6	-18	-54	
PA, '31; PB, '32; PE, '34; PJ, '35;	+10	-8	-34	-62
PI, P2, '36	+10	-8	-34	-62
PC, PD, '33	+3	-25	-62	
<b>Pontiac</b>				
'30; '31; 6-32, '35	+6	-18	-54	
8-33, '34, '35; 6-36	+8	-12	-43	
8-36	+12	-4	-27	-59
<b>Reo</b>				
6-21, 6-25, '32; FC '35; Roy, '35;	+15	+2	-16	-42
6D, '36	+15	+2	-16	-42
8-25, '32; S-2, '33; S-6, '34	+16	+4	-12	-34
<b>Studebaker</b>				
Diet. 6, '36	+6	-18	-54	
Comm. 8, '31, '32, '33;	+10	-8	-34	-62
Diet. 6, '34, '35	+10	-8	-34	-62
Diet. '31, Comm. 8, '34;	+14	0	-21	-50
Pres. 8, '33, '34, '36	+14	0	-21	-50
Pres. 8, '31, '32, '35; Comm. 8, '35	+17	+6	-9	-28
<b>Terraplane</b>				
6, '32, '33; 6 Spec. '35; 6, '36	+3	-25	-62	
8, '33; 6 DeLuxe, '35	+10	-8	-34	-62
6, '34	+14	0	-21	-50

NATIONAL CARBON COMPANY, INC.  
specifically

## GUARANTEES

that Eveready Prestone, if used according to printed directions, in normal water cooling systems, will protect the cooling system of your car against freezing and clogging from rust formations for a whole winter; also that it will not boil away, will not cause damage to car finish, or to the metal or rubber parts of the cooling system, and that it will not leak out of a cooling system tight enough to hold water.

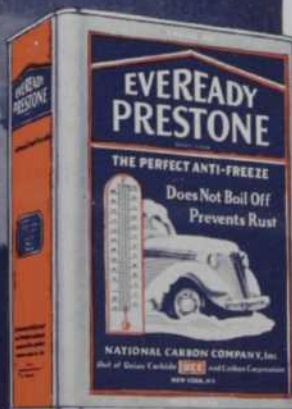
NATIONAL CARBON COMPANY, INC.  
GENERAL OFFICES: NEW YORK, N.Y. BRANCHES: CHICAGO • SAN FRANCISCO  
UNIT OF UNION CARBIDE UIC and CARBON CORPORATION

### Don't be confused by a name

Many brands of anti-freeze are being marketed under various names. Most of them are based on alcohol, and because they are not plainly labeled, it is easy to become confused. So before you buy any anti-freeze, just ask your dealer how much alcohol it contains. For alcohol—no matter how it is treated or what it is called—is subject to evaporation, leaving you without protection.

But you won't have to worry if you get Eveready Prestone. It contains no alcohol, is definitely guaranteed.

The words "Eveready Prestone" are the trade mark of National Carbon Co., Inc.



**\$2.70**  
A GALLON

Won't boil off... contains no alcohol



# The Map of the Nation's Business

BY FRANK GREENE

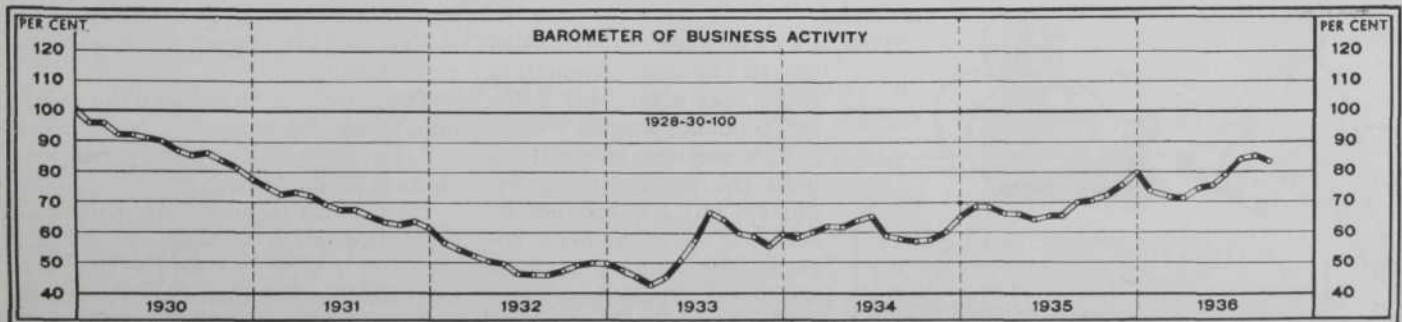
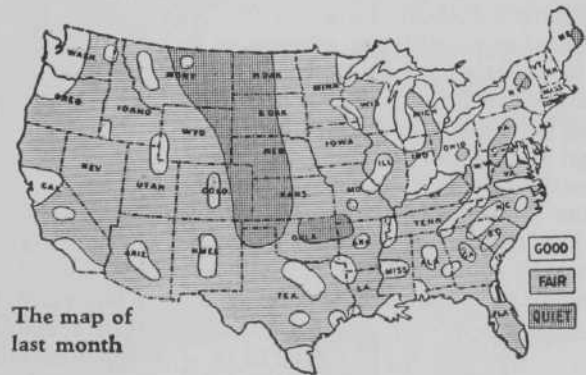


SEPTEMBER, while a short, was not a dull month. Distributive trade gained seasonally, manufacturing advanced slightly and collections improved over August. Rains late in August and throughout September restored what corn was not made, helped later crops and gave winter wheat a fairly good start.

The general commodity price movement was upward, the Dun & Bradstreet price index of October 1 being second only to that of January 1, last. Wheat and corn rose. Cotton rose on lower estimates of yield. Stock market values moved within a narrow range. Bonds advanced in greater relative proportion.

A gain in winter wheat seeding was predicted as were car shortages. Building continued to expand. Steel output reached a new high for the year and scrap sold at the highest since 1929. Railroad revenues rose sharply with net returns making better relative showings than for years. Electric power output registered a new all time peak. Carloadings were the best since 1930.

More white and less dark shading is evident in areas both east and west of the Mississippi



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The rise in the Barometer chart line was halted by the less than seasonal gains in steel, carloadings and prices, although electric output reached a new high



# Workers Write Their Own Pay Checks

BY RALPH H. BUTZ

IN THE office of a manufacturing plant in Pennsylvania I sat with the president, an aging man, who has guided his firm for more than 30 years.

"What has been the most important factor in the success of this business?" I asked.

"Men," he answered. "Methods are of little use unless we have the right men. There has never been a time when we were not willing to hire men who could show us better ways of producing or selling our product. We need men who can think themselves out of a rut."

"Every applicant for a position is given a chance to tell us why we need him. These interviews take up a good part of my time but I simply can't afford to turn away a man who has something we need."

"It makes no difference whether a man is seeking a production job or an executive position. Every department in this business needs the best brains we can find. Given the right men, better methods are a natural sequence."

"Our men are trained to do their own thinking. If a man discovers a better way to do something, he is encouraged to outline his plan to a



"He had an idea for a machine that would make his work less difficult and increase production. We told him to go ahead"

SEVERAL employers tell why people who are able to develop new ideas have greater opportunities today than they ever had in the past

higher executive. If his idea seems worth a trial, the experiment is made. If it can't result in an improvement, we show him why, pointing out every detail. We must make him understand why, otherwise he will say, 'What's the use?' We urge him to study the matter more carefully in the hope that, after all, he may be on the verge of developing something of real importance.

"That is why our men have enabled us to reduce production costs year after year without reducing wages."

This concern is identified with the woodworking industry, but the product itself is of little moment, because the same principles might be applied to any other branch of industry with equally good results.

"Let's walk through the plant," the president sug-

gested. "It may show you what I mean."

We passed through the different departments, talking with some of the men as we went along.

Presently we stopped near a machine where a young man was busily engaged in fastening metal discs on wood cores.

The machine stopped as the president asked, "Have any trouble, Jim?"

"No, sir; keeping ahead of schedule right along."

The president introduced the young man to me.

"Jim is responsible for this machine," he explained.

"For several years he had been fastening metal heads to wooden cores on a type of machine that was used throughout the industry, but he had an idea for a machine that would make his work less difficult and increase production."

"We told him to develop his idea."



"I am waiting for a man who can give me a good idea I should have had but didn't"



# How Bacteria Breed on Towels...

that are used more than once

## Average Bacterial Count On Used Towels

Number of days Towels were used	Number of Bacteria on 2" disks
1	
2	
3	15,200
4	30,400
5	36,400
6	105,000
	122,000
	202,000

*Says the American Journal of Public Health, August, 1930:*

"The dangers of this practice (repeated use of the same towel) might be illustrated by an individual who, with hands which had become accidentally contaminated with typhoid bacilli, washes them ineffectively and dries them on a towel. With the next use of the towel, perhaps hours or days later, the hands would reacquire some of the bacilli which had been previously transferred to the towel and the possibility of infection of food or anything entering the mouth would be substantially as great as at the time of the original contamination."

**PROTECT YOUR WASH-ROOM USERS WITH THESE HYGIENIC SCOTTISSUE TOWELS**

**D**ISEASE germs that are wiped on a hand towel may live... breed... and reinfest when the towel is used again.

Prevent this dangerous source of contagion by supplying your wash-room with clean, fresh ScotTissue Towels. These sanitary towels are used but *once*—then thrown away.

Made of "soft-weve" thirsty fibre... an exclusive Scott Paper Company development... these cloth-like towels really dry *dry* and with greater comfort, too.

Scot Towels are protecting health in office, factory, school and institutional washrooms all over the country. Send for a free trial packet. Write Scott Paper Company, Chester, Pennsylvania.

# ScotTissue Towels

*Used once—then thrown away!*

The Patented S-T-R-E-T-C-H explains why the ScotTissue Towel dries like cloth—why it won't go to pieces in wet hands.



Took quite a while to work it out, didn't it, Jim?"

"Certainly did," the young man said. "I worked over that plan for six months before I felt satisfied that it was all right."

"Well," continued his chief, "except for a few minor changes, that machine is Jim's creation. Does everything he said it would, and I think he is satisfied that we've been trying to do our part."

### Better than the machine

"YES, sir," Jim said. "This firm's done everything I could have asked for. It's the only place I've worked where a man is made to feel that he is better than the machine he runs."

We returned to the office.

"So far as it applies to production I have a clear idea of your principles," I said. "But what about sales management?"

He smiled.

"Again the answer is men; men who can think and do things in a different way. Obviously, men in the production department may make sales work easier because they are continually developing better products. We also have some advantage in production costs, which is due to the loyalty of our workers."

"But price alone is not the basis upon which to build an enduring repu-

whether buying or selling, should be on a friendly basis.

"That applies especially to the treatment accorded salesmen who visit us. Any sane man will admit that the salesman who is not courteously treated will not have a very friendly attitude toward a firm or its buyer."

"We believe that the good will of salesmen is worth cultivating. We want to know if a salesman has something that will help us."

"Some time ago a salesman called with a product which we could not use at the time. Instead of sending him away with a curt refusal, I called him into my office and explained why we could not use his product. As a result of our conversation I learned that a firm in a nearby city would need new equipment which we could supply. That same day I visited the general manager of the firm and got an order for \$80,000 worth of our products."

"But for the few minutes I spent with that salesman it is likely that my firm would not have obtained that business. Nor is that the only instance where being friendly has reacted to our benefit."



She said she could double our hosiery business in a year. She got a chance to prove she was right

tation. Neither is salesmanship a matter of visiting customers so many times each year. The successful salesman develops new methods of serving his customers. He discovers what is happening to open sales avenues. It all sifts down to having the right men instead of just men with selling experience.

"We believe that all contacts,

I next visited an executive of a department store which has been showing a profit during the past five years. I asked this executive:

"Would you employ me if I could show you how to sell more merchandise at a fair profit?"

"I would," he replied, "and you could just about name your own salary."



He mounted an oil burner on a truck to demonstrate for farmers

"Does that mean you actually need men and women while millions of people are searching for jobs?"

"Yes," he said, "the need for men and women of real ability was never so urgent as it is today. Not only here, but everywhere. Too many workers seem to think that the executives should have all the ideas."

"The man or woman who can do a better job in selling, who can improve on merchandising and advertising plans, has no trouble working into a position of responsibility. I could give plenty of examples."

"For instance, our hosiery department had been slipping, both in volume and profits."

"I had about decided to interview some applicants for the purpose of selecting a new manager when one of the hosiery saleswomen came to my office. Without preliminaries, she fired this question at me:

"Do you know why the hosiery department is losing sales every month?"

### Making the wrong kind

"HER attitude indicated that this was to be her valedictory; not an ordinary resignation."

"No, I don't," I answered. "Do you?"

"Yes," she said, "I do. Stocks of good hosiery have been short all the time and you've been filling up with cheaper grades. Customers who bought from us for years simply walk out because we no longer have the higher priced goods they always bought. You're trying to get another set of customers to replace those you once had. You're shouting price to the new customer while the old customers are looking for the quality you used to sell them. You're spending twice as much money to advertise cheap hosiery as you ever spent to

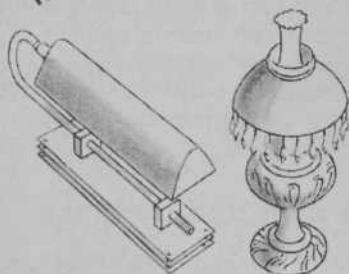
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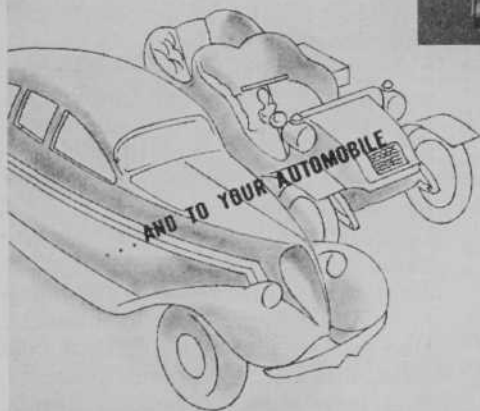
# Believe it or not...Your office chair is 'way behind the times



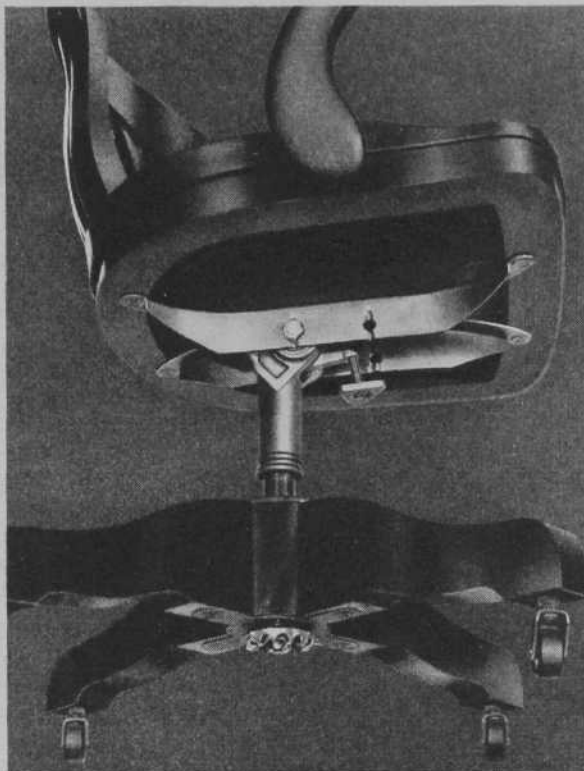
YOUR LETTER WRITING HAS CHANGED



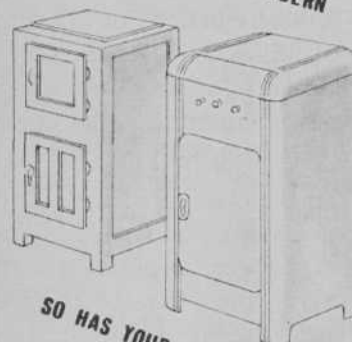
PROGRESS HAS COME TO YOUR LAMPS



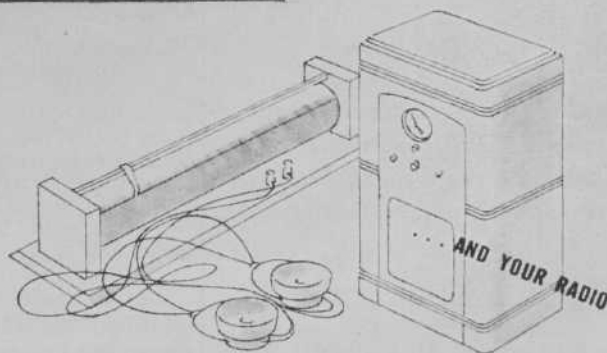
AND TO YOUR AUTOMOBILE



YOUR DESK HAS GONE MODERN



SO HAS YOUR REFRIGERATOR



... AND YOUR RADIO

THAT spring contraption underneath your office chair—with its creaks and groans, its stiff, uncertain action, its dangerous tendency to spill you out on the back of your neck—that contraption is as old fashioned as a stenographer in high buttoned shoes.

NOW—thanks to the new Bassick Flotilt Chair Control—your office chair can be up-to-date. This amazing new control has no springs... never needs lubrication... cannot squeak... will never give you a

nasty fall because of a broken spring or spring bolt. It is the most outstanding improvement in office chairs in twenty years.

Don't take a chance on noisy, breakable springs any longer! Write The Bassick Company, Dept. N-1, Bridgeport, Conn., for the names of manufacturers who have modernized their office chairs with Bassick Flotilt Control. And make sure that the chairs you buy are equipped with this new and important development.

## Bassick Flotilt Chair Control



*To the  
64,342 Families  
Who Own  
General Foods*



FOR the benefit of all the 64,342 families who are the true owners of General Foods, we wish to re-state some of the aims of the Company in whose dividends you all share:

To the consumer—the best possible food products at moderate prices. To our employees—fair wages and considerate treatment. To the food merchant—a reasonable profit. And to you who have shown your faith in us financially—a profitable investment.

### Notice of 59th Dividend

*Dividend of 45c per share will be paid on no-par common stock November 16, 1936, to stockholders of record 3:00 P.M. October 26, 1936, without closing the transfer books.*

J. S. PRESCOTT  
Secretary

### Among the products of General Foods are:

Maxwell House Coffee—Jell-O—Grape-Nuts  
Flakes—Postum—Post Toasties—Grape-Nuts—  
Post's 40% Bran Flakes—Whole Bran Shreds—  
Baker's Premium Chocolate—Baker's Cocoa—  
Swans Down Cake Flour—Diamond Crystal Salt—  
Calumet Baking Powder—Baker's Coconut—  
Sanka Coffee—Minute Tapioca—Log Cabin Syrup  
Certo—La France—Satina.

**GENERAL  
FOODS**

250 Park Avenue  
New York City

# CHIPS... from the Editor's Work Bench

## A lesson from history

AT the beginning of the Revolution there were 2,500 Americans fit to bear arms in the Mohawk Valley. By 1782 they had been reduced to less than 800. Walter D. Edmonds tells about their decimation in "Drums Along the Mohawk."

Under the grim tutelage of war, men learned that what they didn't do for themselves didn't get done. By time's swift measure their lesson is far off and long ago. Not so, their author explains.

To those who may feel that here is a great to-do about a bygone life I have one last word to say. It does not seem to me a bygone life at all. The parallel is too close to our own. Those people of the Valley were confronted by a reckless Congress and ebullient finance, with their inevitable repercussions of poverty and practical starvation. The steps follow with automatic regularity. The applications for relief, the failure of relief, and then the final realization that a man must stand up to live.

They suffered the paralysis of abject dependence on a central government totally unfitted to comprehend a local problem. And finally, though they had lost two-thirds of their fighting strength, these people took hold and struck out for themselves. Outnumbered by trained troops, well equipped, these farmers won the final battle of the long war, preserved their homes and laid the foundations of a great and strong community.

Later models in backbones have qualified the exacting text, "A man must stand up to live."

Nowadays nobody has to get around much to hear about "the veterans of the WPA."

## Chicago's youth movement

ONLY an old-fashioned parenthood would see eye-to-eye with the use of children in Chicago's annual cleanup campaign. School pupils, the word is, did 6,278,784 jobs of sprucing up 8,000 local neighborhoods. Heretical enough for those who see childhood's happy hours blighted by cruel taskmasters, the report of the Association of Commerce, habitual sponsor of the event, shows that the youngsters outdid themselves in enthusiasm, beating last year's job record by 30 per cent.

While heads are being shaken over the so-called "Youth Movement" in

capital letters, the boys and girls of 37 Chicago public high schools and 600 grade and parochial schools turned out to chase dirt and brighten their home corners.

Among the many accomplishments were hundreds of alleys cleaned, gardens planted, houses painted, fire hazards removed, and attics and basements made spic and span. Grown-ups pitched in, too—8,500 retail store operators lent a hand. Junk collected in the general cleanup yielded \$7,546 for use in new projects.

No need to point a moral. Given occasion and opportunity, youth can speak for itself.

## Nine men and a clause

SLOWLY the embattled Wagner Act moves through the circuit and district courts toward the Supreme Court for final judgment of its constitutionality. Litigation, in the main, has turned on the power of the Congress to regulate labor relations in manufacturing plants. "Due process" questions have also come up for answer. Judges in a case originating in New York state saw no violation of the clause.

"This Act," they said, "does not hamper the legitimate rights of the employer. . . . He remains the master of the operation of his business. . . . Due process under the Fifth Amendment has not been contravened by this legislation." Contrary minded was the opinion of Judge Barnes in the Federal District Court, Chicago, "The combination of majority rule and compulsory unilateral arbitration is the heart of the Act," and hence it is in violation of the Fifth Amendment.

Looking at the problem now threading its way through the judicial labyrinth, it appears tripartite. Validity of the Act when tested by the highest court may ultimately hinge on the question of whether manufacturing is interstate commerce, an issue already partly explored in the Schechter and Guffey cases; whether, if it is not, the whole Act fails, or whether it may hold with regard to interstate commerce, as defined by the Associated Press case; and whether the provisions meet the test of the "due process" clause.



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More **L C SMITHS** are  
used by Court Reporters  
than all other makes  
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## ACTUAL COUNT

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<b>L C SMITHS used</b>	<b>226</b>
All other makes	57
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work long hours at blaz-  
ing speed, day after day.  
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than they which typewriter  
runs easiest, stands up best,  
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# How to Diffuse Purchasing Power

(Continued from page 24)

aging. The more there are of them the more everybody will gain. But if we get panicky and strike blindly at big business merely because it is big, we may find that we are hurting ourselves.

Like most other principles, this inter-dependence of mass production and diffused purchasing power works both ways. Quantity production, with an abundance of power-driven machinery, increases the product per worker. A large product per worker makes high wages possible and, as a matter of fact, higher wages are actually paid where power and machinery are abundant than where these aids to production are scarce. These higher wages, based on a larger product per worker, mean widely diffused purchasing power among workers. This diffused purchasing power, in turn, coupled with low cost of production, makes it possible to sell the products of large scale machine production. That is, there is a combination of diffused purchasing power and low prices. If this were not true, our modern development of the capitalistic system could not have taken place.

Four outstanding facts about the American economic situation bear on this problem:

First, we use more engine power per worker than any other country.

Second, we produce more per worker than any other country.

Third, we pay higher wages than any other country.

Fourth, the products of industry are more widely sold and enjoyed in this country than in any other.

These four facts are not independent of one another. They hang together. The fourth could not exist in the absence of the other three. The third could not exist in the absence of the first two, and the second could not exist without the first.

But what is purchasing power? Probably no other question in the whole field of economics is beset with more dangers. To some it looks as though purchasing power consists of money, and it occurs to them that the obvious thing is to issue new money. That idea has probably wrecked more financial systems than any idea ever in-

vented. Printing new money never did and never can increase the total purchasing power of any country.

The reason is that the more units (say dollars) you issue the less each dollar will buy. This may help debtors and injure creditors, but it does not give the people more purchasing power. Even its demagogical value disappears as soon as the people realize that as many of them are creditors as debtors. Every depositor in a bank, for example, is a creditor and the bank is his debtor. Every owner of a life insurance policy is a creditor and the insurance company is his debtor; and so it goes.

## Money isn't purchasing power

IF REAL purchasing power consisted of money it would be easy to increase purchasing power by increasing the quantity of money in circulation. A few simple facts should convince any one that purchasing power does not consist of money. There never had been so much money in circulation in this country as there was during the depth of the depression. While the money was in circulation it circulated slowly. Why?

It is well to remember that money has no organs of locomotion. It does

not speed up or slow down of itself. It speeds up when people spend it quickly. It slows down when people hold onto it a long time. We need, therefore, to study the behavior of people rather than the behavior of money.

Why don't the people who have money spend it? I know of only one reason why a man will not spend money when he has it. He doesn't know of anything else he wants as much as he wants his money. Show him something that he wants more than his money and he will spend it.

When he cares more for money than for what he can buy with it, his state of mind may be the result of any one of several factors. He may be afraid to let his money go because of unstable political or business conditions. In such a situation he is likely to want money more than anything, except necessities, that money could buy. Again, he may have all he cares for of such goods as are on the market. On the other hand, he may loosen up and spend his money when he has confidence that if he spends a dollar he has a good chance of getting another, or when something new is put on the market which takes his fancy.

This brings us to the fact that there are two main forms of spending—investment and the purchase of consumers' goods. Confidence is likely to be the determining factor in that form of spending called investment. The investor buys things that he does not want for their own sake, but which he hopes will earn something for him. He buys, let us say, productive equipment and this is an important form of buying. The discovery that new and desirable things are for sale at tempting prices is likely to be the determining factor in the purchase of consumers' goods.

These two forms of buying hang together. When there is confidence in the Government, inventors and investors are likely to exercise their wits in producing new and attractive things to sell. When people are in a mood to buy such things, that still further encourages the inventors and investors. This interaction of the forces of



EWING GALLOWAY



production and consumption has to be built up and this building up is a slow process. It cannot be created by saying:

"Let us have more inventing and investing on the one hand, and more buying of consumers' goods on the other."

As well try to take the Kingdom of Heaven by violence as to speed up business by such strong arm methods.

It is well to remember that, under the conditions described, the people will have purchasing power when and because they produce it, not because something is given to them. Goods and services are paid for with other goods and services. New purchasing power consists of new goods and services. When workers produce new goods and services they are themselves creating the new purchasing power which can buy other goods and services.

### Transferred purchasing power

WHEN money is taken from one and given to another, no new purchasing power is created. Existing purchasing power is merely transferred. The only way real purchasing power is permanently diffused is by diffusing earning power. Earning power is more widely diffused when more people are engaged in more productive work and paid higher wages *based on the products of their work*. The problem of finding more productive work for more people is an industrial and not a political problem. It will be worked out by industrialists and not by politicians.

Industrialists, engineers, inventors, investors, managers, sales agents, and a multitude of other wide awake people, all acting together under the encouragement of a friendly Government, have been working at this problem for a century and a half. They have been finding ways of increasing the productivity of labor through the use of machinery, and at the same time have been building a market for the products of machinery by diffusing purchasing power.

They have been inventing and producing new things to satisfy new wants and selling these new products at prices which millions could pay. Both increased productivity and diffused purchasing power have had to go hand in hand. One is impossible without the other. Building the two together is a slow and difficult process, and the only possible way to make it succeed is to concentrate tens of thousands of the best minds of the country upon it. No individual mind and no small group of individual planners could do it.

That, by the way, is the way great things have to be accomplished in every field. No genius ever lived who



## THE GOLDEN RULE

### Pays an EXTRA Dividend Now!

*Do unto others . . . drive as carefully as you would have them drive . . . and you'll not only be safer from accident, injury and death, you'll be money ahead.*

There is no doubt that it pays to drive your car carefully. The fact that you protect yourself and others from accidents and their consequences is reason enough for it.

But, in addition, careful driving pays an extra dividend in low net car insurance costs.

### CAR INSURANCE AT COST

That's why Lumbermens does everything to confine its business to good drivers, in the first place. No one with a bad record of accidents can insure a car with Lumbermens.

Thus every Lumbermens policyholder is insured with a group of people who have proved to be sane, sensible motorists.

And because Lumbermens is a mutual company fewer accidents mean fewer losses which, coupled with low sales and overhead expenses makes possible the substantial dividends which have been paid to policyholders each year.

### JOIN THE "NOT-OVER-50" CLUB

In order to foster still better driving and to help keep car insurance costs at a minimum, Lumbermens has organized the "Not-Over-50" Club.

Thousands of Lumbermens policyholders are members. However you don't have to be insured with Lumbermens to join this great safety movement.

A membership costs you nothing but it can save you much.

Send for the "Not-Over-50" Club insignia for your speedometer and rear window today. Fleet owners may order them for all of their cars and trucks.

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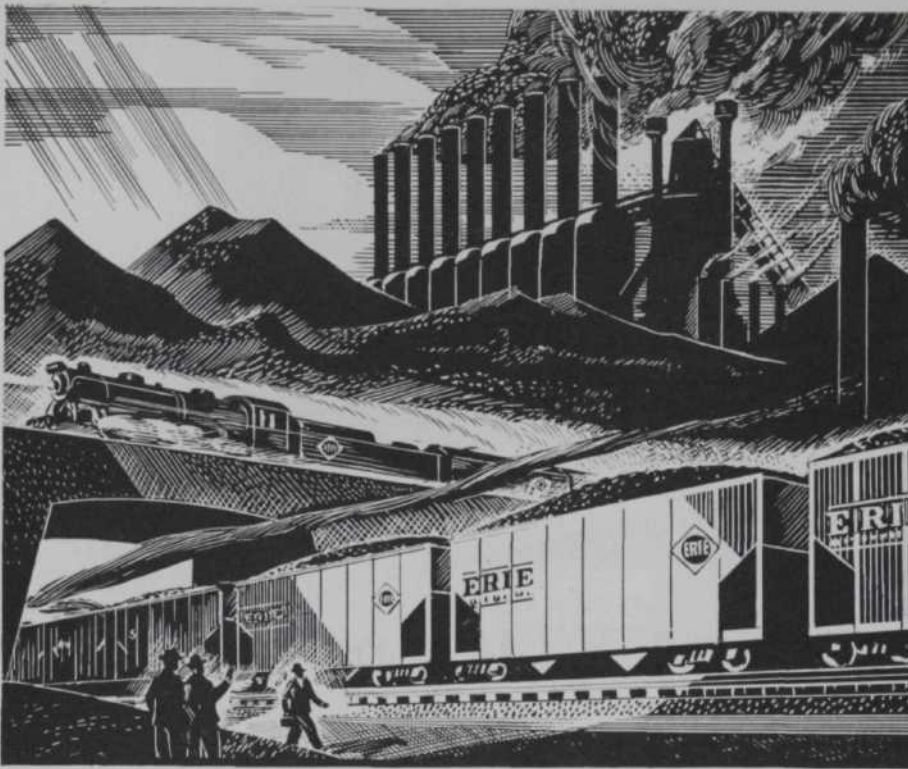
"Not-Over-50" Club, 4750 Sheridan Rd., Chicago, Ill.

Please send me the "Not-Over-50" Club stickers for my speedometer and rear window as well as copy of the Club creed. I understand that these insignia are free and that this request places me under no obligation.

Name.....  
Address.....  
City.....State.....

NB-9





## FROM PIG TO PIPE Steel Men Depend on ERIE

**I**RON ORE from Duluth—pig iron from the Ruhr of America—finally the finished product—pipe and sheets and girders and a thousand and one parts fabricated from steel. Erie trains speed them all on their way.

Erie service is a vital part of the steel industry. In every phase of handling and hauling the raw materials, semi-finished and finished products, the speed of Erie trains saves time and cuts costs for makers and users of steel.

If speed and dependability count in your shipments or receipts, specify Erie—and see how Erie service saves.

*Travel  
the Scenic Erie*  
... between New York, Binghamton,  
Elmira, Buffalo, Chautauqua Lake,  
Youngstown, Cleveland, Akron, Chicago  
AIR-CONDITIONED TRAINS  
EXCELLENT MEALS • FINEST  
SERVICE • LOWEST FARES

could have designed or built a modern automobile, or airplane. It took tens of thousands of the best minds of the country—mathematicians, scientists, engineers, inventors and skilled workers—working incessantly for 40 years. It would never have been done under the planning of a bureaucratic Government.

Building an industrial system is a vastly greater and more difficult task than building an automobile. The problem includes such a diffusion of purchasing power as will enable the people to buy the products of mass production. This diffusion of purchasing power is identical with the diffusion of earning power. The diffusion of earning power consists in finding more things for workers to do—things that are desired and can be paid for at prices which will cover cost of production. This requires a lowering of the cost of production together with an advance of real wages as distinct from money wages. It is a difficult and a delicate process. Infinite care, patience, ingenuity and enterprise are required. It can be done, as shown by the fact that it has been done, but it can never be described in advance.

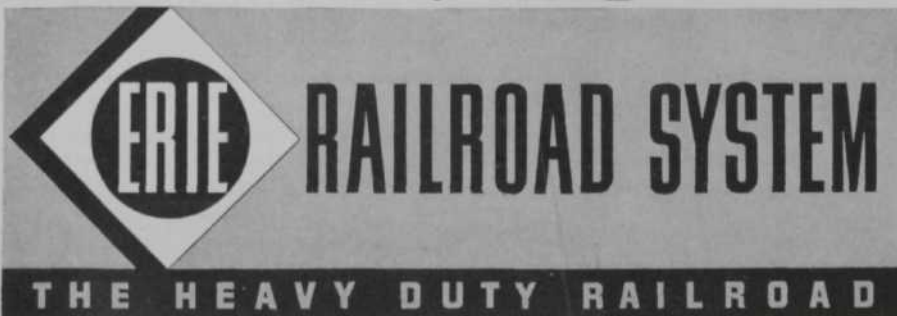
### The problem in printing

A GOOD illustration of the way productive power and markets have to be built together is found in printing from movable type. When books had to be copied by hand they were too expensive for any but the very rich. Since the average man could not afford to buy a book, there was little advantage in knowing how to read. Since the average man could not read, there was no market for books that would justify machine production.

This must have looked like a deadlock to any one who wanted either to produce more books or to teach more people to read. Neither could succeed until the other did.

If the wisest man alive in those days had been asked how that deadlock could be broken, he would have been baffled. The wisest man alive in 1896 would have been equally baffled by the twin questions: how can millions of people afford to buy automobiles when they cost so much, and how can mass production succeed when so few people can afford to buy automobiles?

Fortunately it is not necessary to wait for some super intelligence to break these seeming deadlocks. They are broken, as other difficult things are done, by massing the intelligence of the country upon them. This combined intelligence found ways of building a market for reading matter along with the means of supplying that market with cheap books, magazines and newspapers. It solved the





problem of building a market for automobiles while building factories that could produce them at a cost that would make it possible for millions to buy them. If given a chance it will also find ways of building a market for the new conveniences that people want, while building productive plants that can supply them at low cost.

We have seen purchasing power increased and diffused, and we have seen this process keeping pace with the increased productive power of industry. All we need is confidence in the capacity of the human mind to do again what it has done before.

### Developing a new frontier

WE SAW it happen from 1896 to 1914. The expansion of the old geographical frontier was drawing to a close before 1896. The good land that could be had for the asking was about all gone. The railroads had nearly all been built, and things were slowing down. American free enterprise had developed the geographical frontier at an amazing rate. It then turned to a new frontier of unsatisfied wants, and began to develop new industries to produce new things to satisfy those wants. It developed this new frontier even more rapidly than it had developed the old physical frontier. It employed not only our own workers but millions from other countries. Immigrants came in larger numbers than they ever had even when we had free farms to give them. Then came the vast dislocation of the World War, producing a depression, from which the world is slowly recovering.

There is a defeatist spirit abroad even in this country. It was given expression in the following words:

Equality of opportunity as we have known it no longer exists. Our industrial plant is built . . . our last frontier has long been reached . . . our task now is not discovery or exploitation of material resources or necessarily producing more goods. It is the soberer and less dramatic business of administering resources and plants already in hand.

Such remarks are at least 40 years behind the times. The same thing was being said in the 1890's. The director of the 1890 census called attention to it and warned the country that it was facing new problems. There was a better reason for saying it then than there is now. It could have been said then, with some show of reason that "our industrial plant was built." Radicals were declaiming then as now that the existing economic order was doomed, that recovery from the depression of the 90's was impossible, and that we must have a new economic system.

The trouble with that doctrine then and now is that it leaves out of ac-



## On \$100 a Month - You Can Stay Young in an OHIO COLLEGE TOWN



For any man who wants to stay young, what could have more appeal than life in a college town? Campuses are thronged with young people. Year after year, the community feels the life and spirit of a group that's always young.

In beautiful Ohio, for instance, there are more than thirty college towns—and in most of them an elderly person or couple can live comfortably on \$100 a month. "Courses" are open to visitors. Amateur dramatics, concerts, lectures, athletic exhibitions—all are available. Good libraries, good churches, good neighbors await you.

When you're ready to retire,

wouldn't it appeal to you to live where it's hard to grow old? And you can retire, financially independent, if you start to plan now with the Northwestern Mutual.

Here's an easy way to find out how you can arrange for a retirement income of \$100 a month, or more. Just fill in the coupon and we'll supply you with the facts about this sound and economical plan. We will also send you a 32-page booklet describing and illustrating more than 25 American communities—*Leisure Lands* where on \$100 a month you can stay young longer.

### THE THRIFTY WAY TO *Leisure Land*

THE NORTHWESTERN MUTUAL, Milwaukee, Wisconsin  
Please mail "Wonder Spots" booklet.

Name.....

Address.....

City..... State.....

To provide a retirement income of \$100 a month  
at age <sup>55</sup> how much must I save each month?  
My age is.....



The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders with 3 billion 700 million of insurance in force.

NB-11-36



# Your Dentist first... then IPANA and Massage

★ ★ ★

**Y**OU will note, as you run through your leading magazines, many advertisements for Ipana.

These differ widely in treatment, stressing the value of Ipana and massage to varying groups of people.

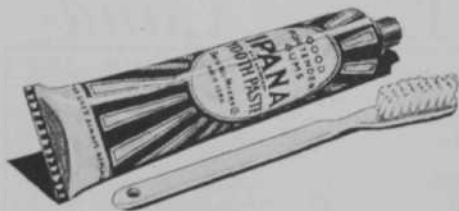
But they all have one thing in common—they all urge you, when you see that tinge of "pink" on your tooth brush, to go to your dentist. They all say:

*Let Your Dentist Decide*

Unhealthy gum conditions are fairly common—due to our modern soft-food diet. But that tinge of "pink," while generally denoting a simple case of lazy gums, is sometimes an indication of far more serious gum disorders to follow.

For 20 years, Ipana has worked closely with the dental profession. Before Ipana was offered to the consuming public, a million trial tubes were placed in dentists' hands for testing.

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count the resourcefulness of the human mind under freedom. No one was able to foresee the new inventions and the new industries that developed after 1896. Since they could not foresee these new things, small but egotistical minds assumed that no such things were possible. At present, the same kinds of minds assume that what they can't foresee is likewise impossible. They ask querulously:

"What new inventions; what new industries are possible now or in the near future? What new wants are left to be satisfied by new inventions and new industries?"

In direct opposition to the defeatist attitude is the courageous belief in the American way of doing things. Instead of admitting that all frontiers are closed it should be pointed out that there are still new frontiers of new wants which American ingenuity and enterprise can satisfy. Attention should also be called to the fact that the expansion of this new frontier, from 1896 to 1914, had brought more prosperity, more employment and better living conditions than the expansion of the geographical frontier had ever brought.

Freedom of enterprise is essential. The marvelous achievements of American inventiveness and American enterprise are not the result of the superior intelligence of Americans. People of other countries, in fields where they have been turned

loose, free from authoritarian meddling, have done quite as well as Americans. They have not been so free in the field of industrial enterprise and they have not led us, they have followed us, in that field. The American way of life is the secret of our leadership in this field.

### Better jobs for labor

HERE is a point for working men to ponder. Where enterprise is free, industry expands. Where industry expands there are more jobs and better wages than where it does not. Every working man, therefore, should be in favor of freedom of enterprise. His own job and his own standard of living depend upon it. If he does not appreciate this fact, the workmen of other countries show their appreciation by wanting to come here.

Under freedom of enterprise, industrialists *must* diffuse purchasing power. This means that workers *must* be given higher real wages. Workers must be enabled, first, to earn higher wages and, second, to get them. They can be enabled to earn higher wages, first, by being well equipped with power-driven machinery, by means of which the product per worker is increased; second, by being employed in the production of new things to satisfy new wants. These two processes mean a constantly rising standard of living for everybody.

## Labor Nears Its Zero Hour

*(Continued from page 16)*

Trades Councils and Metal Trades Councils, as well as Printing Trades Councils and often Union Label Leagues, equivalent to councils in form. Union Label Leagues, of course, promote the sale of union made goods and of union services through shop cards and buttons.

The division at Tampa will be reenacted in the states and cities. These subordinate units will be ordered to unseat representatives of all local unions belonging to the ten CIO national and international unions. There comes the division that will cut across the nation and form a battle line of civil conflict.

In this discussion I shall not undertake to examine or evaluate the merits of the positions of the parties to the conflict. Succinctly, the Federation asserts that majority rule has been set aside; the CIO asserts it set up its group organization to organize the unorganized, in line with A. F. of L. objectives. Each group presents its own case at length and with clarity. I am seeking to present an objective

picture of what seems definitely bound to happen as a matter of sufficient importance to warrant something like an understanding.

As for the issue, it is not nearly as simple as is implied in the phrase, "industrial unions versus craft unions." There are unions of both types within the Federation and there are unions of both types within the CIO group. And within the Federation there is found the one truly vertical union in the whole union realm. That is the United Brotherhood of Carpenters and Joiners, of which William L. Hutcheson is president. This union exercises jurisdiction from the cutting of the tree to the finishing of furniture.

The industrial union often is mis-called "vertical," whereas it is "horizontal."

Let us look further at the local manifestations of the coming conflict. What will happen when the dismemberment order goes down the line, to New York, Chicago, Mason City, Oshkosh, Cleveland, Denver, Los Angeles and to every one of the thou-



sand cities where there are central labor councils? The action will be anything but uniform.

Where most of the local unions are those of organizations faithful to the Federation, the CIO affiliates will be unseated. In some cities these probably will subsequently form a unit of their own.

Where local unions of the CIO group control, as they do in a number of instances, the order will not be obeyed. In Pennsylvania, for example, the Miners and the Amalgamated Clothing Workers control a great many city central labor councils and they control the state federation. The order will be disobeyed. The A. F. of L. then has either of two courses to pursue. It can revoke the charter and proceed to set up new labor councils with what unions it can bring together, or it can revoke the charter and let it go at that.

Where local labor movements are sufficiently united in the pursuit of purely local objectives—and there will be such cases—there will be a local refusal to oust anybody.

It is this carrying of the division down to the city that will produce the bitterness. Internecine warfare is the bitterest of all. It is the jurisdictional fight on a grand scale. As a rule, strikes against employers have not been as bitter as jurisdictional disputes between unions. Many employers remember the dispute between the Carpenters and the Sheet Metal Workers over metal trim. Twenty years did not see that struggle ended. Many will remember the battle between the Bricklayers, Masons and Plasterers' International Union and the Operative Plasterers and Cement Finishers' International Association over which should control plasterers in Florida.

These were major engagements in a field that has witnessed thousands of lesser conflicts, caused, mostly, by the evolution of industry and its concomitant change in materials. Metal invaded the field of wood. Plastics challenged them both. Precast stone challenged natural stone and various composition boards competed with lumber and likewise plaster and brick and stone. Glass, too, has entered the construction field in new channels.

Change of materials and methods has been followed by struggles to retain the bread and butter that went with the old ways and the old materials. There has been a great deal of useless talk about common sense and the lack thereof, but in this shifting industrial scene, man has waged his battle for bread, not always wisely, but generally fiercely.

A glance backward at the bitterness of those struggles may offer a foretaste of the bitterness to come.

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widely to one side or another of the main battle line the effects will be felt, no person can say.

Whether the CIO will set up a rival Federation has not been announced, but it seems certain that such action must be taken. Once a new Federation flag is run up, the symbols will be aloft and men will range themselves under one or the other.

### A shifting border line

THE dividing line of today will not be the dividing line of tomorrow. In the past six weeks some of the international unions have acted. The International Typographical Union, headed by Charles P. Howard, one of the leaders in CIO from the beginning, has voted to support CIO. One or two others have taken something like a middle of the road position. The California State Federation of Labor has voted to support CIO. CIO will gain other adherents from among unions now in the A. F. of L., but nobody knows precisely how many. CIO has certain fairly definite expectations in that direction.

Whether CIO will ask for and procure affiliates among the group of dual, or independent, unions now in the field remains to be seen. If this is done, some of them will go with the CIO. Among these is the union of Radio Workers, denied a national charter by the A. F. of L.

Raiding may be expected. Raiding is just what the word implies. It is the effort of one union to invade the field of another and take over its members. How much of this there will be is not predictable. Its extent depends upon other considerations.

Those employers who have looked to the impending battle with the hope that labor, as a whole, would be weakened, probably will be disappointed. Labor, as a whole, probably will be stronger. Certainly it will be more militant. Employers cannot gain out of the situation, even if they count lack of labor union strength as a gain. A foretaste of this was had at the Owens-Ford closure plant at Toledo, where the CIO Flat Glass Workers and the A. F. of L. Glass Bottle Blowers tied up the plant in a struggle for control. This plant was inactive for some two months because of the internecine struggle.

Certain groups within the Federation may seek to stand apart from the fight. They have their own definite fields and their own group ways of working for their group interests. Such a group is the railroad group. In this group there is a most interesting situation.

In the A. F. of L. Railway Employees Department are 16 unions, engaged in what is known as shop craft

work, which means everything from maintenance of way through repair work to switching. The four train service brotherhoods—the Engineers, the Firemen, the Brakemen and the Conductors—never have been in the A. F. of L. But these and the 16 shop craft unions are organized as a unit through the Association of Railway Labor Executives, the only recognized association including A. F. of L. and non-A. F. of L. unions. The president of this group is George M. Harrison, head of the Railway and Steamship Clerks and the one A. F. of L. vice president who did not attend the meeting of the A. F. of L. executive council in which the CIO suspension was ordered.

The interests of this distinctly railroad group are economic and legislative. It will be remembered that, at the last session of Congress, united railway labor demanded the Wheeler-Crosser bill to freeze employment, until the roads agreed to stipulate the same provisions in a direct agreement between roads and unions. This group will not lightly give up or endanger its unity in behalf of its own definitely railroad interests.

But again the complications of the situation raise their head. Some of the unions in the railroad group likewise are in other groups. The Machinists and Electrical Workers are examples. They are railroad unions, with large railroad employee interests; and they also are building trades unions.

The building trades will have their own special building trades interests to safeguard and they will seek to safeguard them. No CIO unions actually enter either of these fields. However, there are building trades that clash with some of the CIO unions in other directions. An example here is the claim of the Operating Engineers, an ardent A. F. of L. affiliate, for skilled craftsmen in the refining industry, a field claimed by the Oil Field and Refinery Workers, a CIO union. And of course the craft unions have never given up their claim to jurisdiction over the skilled mechanics in the steel industry. These claims cover such artisans as tool and die makers, pattern makers and electricians.

Again a clash seems likely between building trades and industrial unions, particularly in steel, for jurisdiction over maintenance men. Large plants employ maintenance men for plant up-keep.

As for a lessening of the general tempo of the labor struggle, nothing would be more foolish to expect. The sharpening of the conflict within the ranks is, it seems clear enough, certain to produce added boldness in every direction. Those who care to examine the record of conflicts and



disputes in the past year will discover that there has been a rising degree of what generally is called militancy pretty much all along the line. The labor movement, as a whole, definitely has left one phase to enter another. And it never will return to the one that has been left. That is the one certain thing.

### The influence of politics

THERE are some who seek to discern politics in the background. Whether there is politics, or whether there is not, seems utterly beside the point because, basically, the issue is a labor union issue and nothing else. What political developments did to help create the situation was in response to the demand of all labor. That was the inclusion of section 7(a) in the National Industrial Recovery Act. That wrote the right to organize into the law and it set as national policy the goal of higher wages and reduced hours of work.

Some labor union authorities have said that, when that law was enacted as many workers were under permanent injunction not to join unions as were in unions and that likewise, as many were working under what labor men call "yellow dog" contracts as there were in unions. Such contracts bind a worker not to join a union on pain of discharge.

NIRA changed all that, even though NIRA was itself to be rendered dead later on. The release of labor came before the demise of NIRA and with that legal release came a tremendous release of reaction against the newly demolished restraints.

Further, as to politics, it is true that labor this year entered the political arena with a vigor never before shown. Labor's Non-Partisan League took the field, largely under the driving force of Maj. George L. Berry, John L. Lewis and Sidney Hillman, the latter two outstanding CIO leaders. But into the League came officers of more than half of all the national and international unions—almost two-thirds, in fact. Here CIO member and A. F. of L. member worked side by side with a fervor that has a significance not readily ascertainable.

And so, this is an effort to set down some of the more important facts about the forces now about to engage in battle. Labor approaches its zero hour—the hour of division and internecine strife. Those who know something of the nature of the labor structure will know better how to judge the battle as it progresses from stage to stage. It may go on to extermination of one side or the other, or it may end in a realization that agreement is possible and unity desirable above all other things. Nobody can know how a civil war will end—or when.



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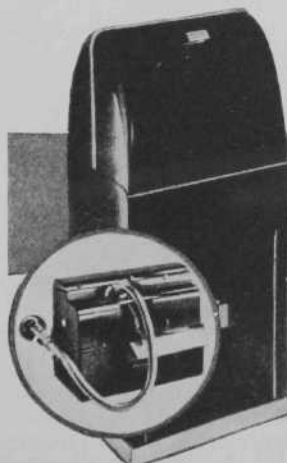
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# WHAT I'VE BEEN READING

By William Feather

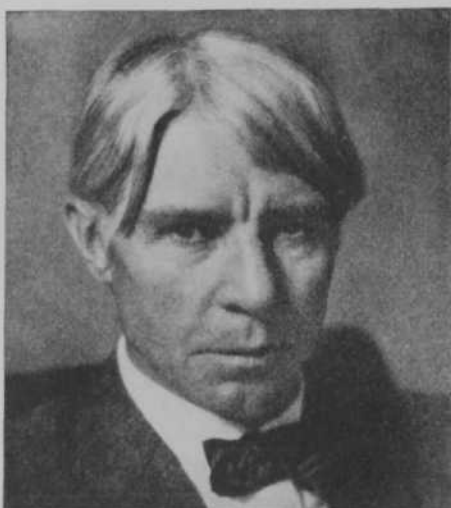
"THE AMERICAN Language" by H. L. Mencken is a book of forbidding proportions, so forbidding in fact that I put off looking into it for 17 years. The first edition was published in 1919. Since then it has been three times revised. The current edition, corrected, enlarged, and rewritten, was brought out this spring.

Now that size no longer terrorizes Americans, since they enjoyed "Anthony Adverse" and "Gone with the Wind," this thick book is strongly recommended as a refreshing variation in intellectual diet. Mencken has taken a subject, heretofore the sole property of pedagogues, and presented it

The American Language by H. L. Mencken, published by Alfred A. Knopf, New York, \$5.

with humor, philosophy, and a good deal of American patriotism.

Ever since our Government was established, there has been a bitter struggle between English and American. The British sneered and snorted at our spellings, pronunciations, grammar, and slang, but the little group in southern England that has attempted to set the standard has been compelled to retreat a little with each passing decade. Now, with the



Carl Sandburg



H. L. Mencken

exhibition of American talkies all over the world, the retreat threatens to become a rout. Teachers of English in foreign countries are wondering whether they will not soon be called upon to teach American instead of English. A commission in Soviet Russia has looked into the matter and has reported in favor of American.

English—whether as spoken and written in England or in the United States—is bound to be the language of the world. Already it is the language of 191,000,000 people, placing it far ahead of any competitor. Its virtues are simplicity, its usefulness in the conduct of profitable trade, and its "masculinity."

Will this future world language, which is a living thing, develop in terms of American or English? That is the question that interests Mencken, and to the solution of which he has devoted 25 years of study. His advice is that bets be placed on American. He says on page 608:

I think I have offered sufficient evidence that the American of today is much more honestly English, in any sense that Shakespeare would have understood, than the so-called Standard English of England. There is no reason why a dialect spoken almost uniformly by nearly 125,000,000 people should yield anything to the dialect of a small minority in a nation of 45,000,000. Quoting another observer, "When two-thirds of the people who use a certain language decide to call it a freight-train instead of a

goods-train they are "right"; and the first is correct English and the second a dialect."

Such is the reasoning and logic which Mencken uses throughout his book to establish his thesis. If 99 out of 100 people answer the question *Who is it?* with *It's me*, then, he maintains, *It's me* is good American (or English) despite the protests of the King of England, the Prince of Wales, the schoolmarm of Dubuque, or the Public Printer.

A language, in short, is a living thing. Those who use it make the rules, create the vocabulary, and decide its spelling and pronunciation. The professional grammarians are the umpires or election officials who decide the issues. Their decisions are not binding, however, because the people pay no attention to them. They talk and write to express ideas and get things done. If "scram" saves time and gets action, or if "Who am I talking to?" seems more sensible and natural than "To whom am I talking?" then the King and the grammarians have been outvoted.

Because Americans have enlivened and brightened the language by the invention of so many new words and locutions, they have compelled the English to accept a large part of their

The People, Yes, by Carl Sandburg, published by Harcourt, Brace and Company, New York, \$2.50.

idiom and slang, grudgingly and usually unconsciously. Mencken finds that dignified English authors usually ignore or use the slang of their own country deprecatingly, as when depicting low characters, but "they are fetched by the piquancy of Americanisms, and employ them for their pungent rhetorical effect." Even the politicians are taken in, as reported by an English journalist who wrote:

Every time the House (of Commons) meets, things are said in a phraseology that would shock and baffle Mr. Gladstone. . . . Even Mr. Baldwin, one of the few authorities on the King's English in



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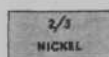
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the House, used in his speech yesterday the expressions *backslider*, *best-seller* and *party dog-fight*. I have heard him use to deliver the goods. The House is undoubtedly Americanized in some of its phrases. I have heard *whoopie* and *de-bunked* in the debating chamber, and *oh, yeah* and *you're telling me* in the lobby. To pass the buck is a well known House expression and it is often used.

Mencken, as well as his readers, derives amusement from the distortions in which Americans indulge in seeking euphony and emphasis. It is a common desire here to seek new names for old professions and callings, for example, "mortician" for "undertaker," "electrologist" for "electrical contractor," "aisle manager" for "floor-walker," "beautician" for "hairstylist," "exterminating engineer" for "rat-catcher," and so on.

Familiar to all is our fondness for giving titles to people who work in business offices. Though a man works alone, he is "president;" if he has three assistants, they are "vice presidents" or "associates;" press agents are "public relations counsel," and trade associations are "institutes."

People on the dole are "clients," second-hand automobiles are "re-conditioned," "rebuilt," "repossessed" or "used;" criminals are "delinquents," and bastards are "born out of wedlock."

Pronunciation occupies some of Mencken's attention. The first thing that strikes an Englishman when he reaches our shores is our speech. The violent contrast in intonation may be the consequence of our climate which, being dry and drastically changeable, may do something to the membranes used in the production of sound. However that may be, Mencken is hopeful that it can be corrected and that spoken American will finally emerge, through the influence of the radio and the talkies, as something that retains the best and discards the worst of both American and English inflections.

Not even the English can bear the cultivated mumbling of the Oxford boys, and it has been said that the common people would throw the King off the throne if he delivered a single broadcast in an Oxford accent. In this day, too much reliance on English dictionaries is unwise, according to noted authorities, who maintain that American speech is establishing standards of its own which are better than the English standards.

This review would exceed the bounds of the space available if it were continued further, so it is my intention to close with the radical thought that grammar is not "bad" when nearly everyone is making the same mistake. In other words, the more frequent the mistake, the less it should be corrected. In brow-beating their pupils because they said

"it's me," school teachers are responsible for introducing into the language "between you and I" which, obviously, is a mistaken effort to be correct.

Perhaps, as a learned doctor has observed, what is needed in this country is a long holiday in grammar as taught in the schools.

"Suppose," wrote Dr. George Philip Krapp, "the children of this generation and the next were permitted to cultivate expressiveness instead of fineness of speech, were praised and promoted for doing something interesting, not for doing something correct and proper. If this should happen, as indeed it is already beginning to happen, the English language and literature would undergo such a renaissance as they have never known."

CARL SANDBURG gets into his poetry a vivid picture of the great Middle West. He perceives legitimate material for poetry in blast furnaces, oil wells, wheat fields, river barges, and skyscrapers. He esteems daring, sweating, hustling humanity, to wit:

The people? A puddler in the flaring splinters of new-made steel, a milk-wagon-driver getting the once-over from a milk inspector, a sand-hog with "the bends," a pack-rat, a snow-queen, janitors, jockeys, white collar lads, pearl divers, peddlers, bundlestiffs, pants pressers, cleaners and dyers, lice and rat exterminators.

Always either employed, disemployed, unemployed and employable, or unemployable, a world series fan, a home buyer on a shoestring, a down-and-out or a game fighter who will die fighting.

The people, as Sandburg sees them, are patient, suffering, hopeful, believing, struggling, ever looking forward to a bright day when they will get what is coming to them.

As an undertone of this theme, the poet has put in his book the stuff that filled the almanacs of 50 years ago. These are proverbs, wisecracks, jokes, for example:

And why shouldn't they say of one windbag in Washington, D. C., "An empty taxicab drew up to the curb and Senator So-and-So stepped out?"

The cauliflower is a cabbage with a college education.

All she needs for housekeeping is a can opener.

They'll fly high if you give them wings. Put all your eggs in one basket and watch that basket.

Everybody talks about the weather and nobody does anything about it.

The foregoing excerpts will make clear that although this book follows the typographical pattern of poetry, a large part of it is no more poetry than a scrapbook of miscellany is poetry.

Nevertheless, taken as a whole, the book is an ingenious and eloquent recital of the age-long struggle of the people to achieve justice and freedom on earth. Although beaten back cen-



tury after century, they have never lost their faith that some day they would find their place in the sun.

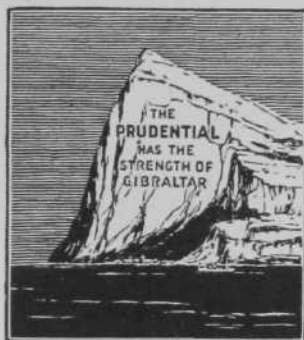
In my opinion, this kind of writing is out-of-date in the United States. Americans don't want the kind of pity that Sandburg offers them. Socialistic sentimentality is produced by the carload, but it has never interested the working classes in this country. If Sandburg sent a copy of his book to John Lewis of the miners, I venture the prediction that Lewis would fall asleep reading it or would tell the author that it was sob stuff and he wasn't interested.

What Sandburg calls "the people" aren't the American people. Americans set their goal at the time of the Revolution and again in the Civil War, and they are marching on toward achievement. Furthermore, they are conscious of achievement and destiny under what they choose to call the American scheme of things.

This book offers no vision of things to be. Poor people who might read it would say "He writes about our miseries to make a living." Put the book in a public library and no poor man would look at it—only those intellectuals who make a profession of vicarious suffering.

The genius of a people lies in its capacity to operate with the principle of progress. The principle of progress is the rightful manipulation of energy. The American people are the best located in any nation on earth to receive this energy from the sun. They are possessed of a continent unsurpassed for the abundance and richness of its resources, with the most regular and equitable climate of any extended and habitable region, at the parallel of latitude where the highest civilization on the earth can be developed. To feel sorry for the American people, I repeat, is to waste sympathy. They are sorry for the other peoples of the world who are denied the privilege of living here.

IN THE expectation that I will be doing a service for some of the readers of this department, I want to mention the work of the Limited Editions Club, an organization that brings out 12 books a year at a cost of \$10 a month to its 1,500 members. The titles are the classics of the world's literature, illustrated by the foremost artists, handsomely printed and bound. These volumes are designed by such world famous designers as Bruce Rogers, Frederic W. Goudy, and Lester Douglas who is director of art and typography for NATION'S BUSINESS. Among the volumes that will be issued in the coming year are the "Autobiography of Benvenuto Cellini," "Main Street," "Great Expectations," "Paradise Lost," and the "Ballad of Reading Gaol."



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# Business Highlights and Sidelights . . .

**P**IANO MANUFACTURERS reporting to the National Piano Manufacturers Association saw the best summer business in more than a decade. August shipments were 26.89 per cent above last year and 280.35 per cent above 1932. July shipments were 48.18 per cent greater than 1935 and 451.74 per cent greater than 1932.

For the first eight months of 1936, shipments exceed 1935 business for the same period by 37.04 per cent. They are 202.61 per cent above 1932. In former years many piano factories kept only a minimum staff operating in the summer. By report of W. A. Mennie, secretary of the Association, plants have been operating this year at maximum capacity with unfilled orders 49.07 per cent greater than at the end of July and 48.66 per cent greater than at this time a year ago.

## Backlog of American Thrift

THRIFT, as its intelligent practitioners well know, is as much a matter of spending wisely as it is of saving consistently. There is no paradox in a standard of living which puts out for the good things of life while it puts aside for old age. Through life insurance, the people are being taught that they can eat their cake and have it, too. Figures released in the Life Insurance Yearbook reveal that in 1935 about \$2,200,000,000 in new insurance was written, one of the best showings on record.

A little research probably would disclose the policyholders as owners of motor cars, as householders, as investors, as folks who enjoy life while underwriting the future.

And it would just as probably suggest that saving is no penny-pinching business, but, in a very real sense, a voluntary declaration of financial independence defended by the institution of life insurance.

What the companies have done in weathering the depression is a story of trusteeship tested as much by public as by private hysteria. Failures there have been. That they stand as the rare exceptions is attested by losses amounting to only eight-tenths of one per cent of the companies' invested funds. Less susceptible to computation is the service of life insurance in absorbing the batterings of hard times. When the people needed real cash in hand they did not turn to their insurance in vain. Policyholders and their beneficiaries, all told, were paid more than \$13,000,000,000. Over and over again life insurance has

proved that it is a useful backlog of American thrift.

## World's Biggest Fiduciary

FOR all the historians know, posterity may still be smarting under the charge that it has done nothing for the politicians. If so, there is balm in the concern of the insurance folks to see that the taxpayer knows whether the current tendency to raise taxes on life insurance and transfers is going to prevent creation and bequest of his estate. This anxiety comes to a head in a statement issued by the board of trustees of the National Association of Life Underwriters and addressed to all political parties. Said the board:

"The time has come for the nation's life insurance policyholders to receive definite recognition in the President's Cabinet."

By way of explanation, the members added:

"We do not mean the creation of a new portfolio, nor the nationalization of life insurance supervision—now properly under the control of the states—rather do we mean that a representative of these 63,000,000 policyholders be named to one of the major Cabinet posts to safeguard their interests."

If Administration decision waits only on reason, it appears in the board's representation that "the American Institution of life insurance is the largest fiduciary in the world."

Disturbing as the new dispensations in social security may be, they are not without their perverse compliments to the institution of insurance in the very fact that they are regarded as "unsettling." A priority of enterprise in the field is defined by the private underwriters' possession of a long and beneficent past.

## A Jury Looks at "Hot Coal"

A PRESENTMENT handed up to Judge Cornelius F. Collins by the New York County grand jury added another chapter to the lengthening history of Pennsylvania's "hot coal" situation. From the evidence, the jury concluded that "upwards of 400,000 tons of prepared sizes of stolen anthracite coal are annually brought by trucks into the County and City of New York and here sold at prices far below those practicable in legitimate business, as is usual in the case of sales by those who are tempted to profit by the disposal of stolen merchandise." The volume of traffic in stolen coal, the jury found, constitutes vir-

tually ten per cent of the total market for prepared sizes of anthracite in New York City.

How the situation concerns New York dealers and New York authorities appears in the jury's assertion that "dealers who comply with our regulatory laws and who have an aggregate capital investment in the City of New York, a substantial part of which is located within the County of New York, in excess of \$5,000,000, upon which they pay taxes to this community," and that the dealers "are left defenseless against the devastating influence of competition with organized thieves, which ultimately is bound to destroy an important part of the revenues upon which this city and state depend."

What now develops as an interstate complication is rooted in the economic individualism practiced by distressed anthracite miners who are determined to make a living regardless of property rights. Mining and trucking are organized, and so powerful has the organization become that it is reported as threatening to retaliate against any move to check shipments of coal to New York by getting Pennsylvania municipalities to assess New York trucks.

Easy to ask why the taking of coal from other people's property is not stopped, why employed miners, as well as railroad and coal companies, do not actively oppose a practice which cuts into the market which provides their wages and revenue, and why what began through permission to jobless men to dig and sell coal to keep them from starving should come to be viewed as a vested interest. As the involved problem moves towards the courts through the indictment of two New York dealers for receiving stolen goods, light, rather than heat, may be reasonably expected to serve the cause of revelation.

## Courting Leads to Progress

IN the wake of reports about the performance of the Rust Brothers' cotton picker comes announcement by the International Harvester Company that it will put out a picker of its own design. Nothing new in the idea of supplanting human fingers with a mechanical device, as the records of the Patent Office eloquently attest. Experts said the Rust machine missed some cotton, picked up leaf and plant. Despite this fault-finding, the shadow of another economic revolution in cotton harvesting is cast by the wings of prophecy. No stranger to revising change is this industry. Crude as was the instrument of the first upheaval, it moved quickly toward perfection. How the basic idea took form in the inventor's mind is told by the Chrysler Corporation, itself a great exemplar of change. It says:

"It's nearly 150 years now since a certain young man, with a knack for mechanics, went South to court the girl of his fancy. . . .

" . . . One day he visited a cotton plantation. He saw what a long, slow process it was to clean the seeds from raw cotton. He talked with the planter, learned more about the difficulties of picking and cleaning cotton by hand.

"That night he couldn't sleep. If only





# HOW Responsible

## SHOULD A MILKMAN BE?

A SCHOOL-TEACHER must be morally and mentally fit to be entrusted with the molding of youthful minds. A railroad engineer, grasping the throttle, must be conscious of the lives in his care. When emergencies arise, a telephone operator never hesitates to go beyond her prescribed duties. How responsible should a milkman be?

Responsible enough to maintain and exceed the laws of sanitation laid down for the general welfare. Responsible enough to be both efficient operator and energetic salesman for thousands of farmers. Responsible enough to be entrusted with furnishing a daily, reliable supply of the most important food on the family table. Responsible enough to be the employer of thousands—and steward of the funds of other thousands.

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How responsible should a milkman be? Responsible enough to realize the dairy industry's obligation to the public. That's how responsible a milkman should be. That's how responsible Sealtest member-companies are.

• • •

Sealtest System Laboratories, Inc., maintains a unified program of dairy research and laboratory-control directed by some of the country's foremost food-scientists. A separate division of National Dairy Products Corporation, it awards the Sealtest symbol to those foods produced by National Dairy companies under Sealtest supervision. Found on the nation's leading brands of ice cream, milk, and other dairy products, the Sealtest symbol is the buying guide of millions of consumers. Make it your guide too.

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List your name in the classified telephone book under the advertised brands you sell and at every classification of your business.

For details, consult with your local directory representative.



there were a machine to do all that tedious work! Restlessly he got up and stood by the window. In the moonlight he saw a cat, frantically busy at one of the chicken coops. The cat had killed a chicken but was unable to pull it through the wire mesh. In went the eager paw—out came a cloud of white feathers. In went the paw again. . . .

"Thoughtfully the young man went back to bed. In his mind's eye he pictured an iron claw, pulling cotton fibres through a fine mesh screen—leaving the hard seeds behind—

"A few days later he had worked out the first rough sketch of a remarkable new machine. It made large-scale production possible, revolutionized the entire cotton industry. The young man's name was Eli Whitney. The machine, inspired by a robber cat in the moonlight, was the famous cotton gin."

## **Our Largest Corporations**

WHAT happens to the big fellow when hard times take their toll from business enterprise is always of more than passing interest to the little fellow who has had his own troubles in keeping his doors open and meeting the regular pay roll.

The standing of our "Billion Dollar Club Members" in 1935 compared with their 1929 ranking is significant when it shows that large corporations, too, have their ups and downs, just as their smaller brothers. Not unnoticed by observers, too, is the growth of some of the big brothers while the times were supposed to preclude any possibility of enlargement.

The following tabulation of the first 14 Billion Dollar Club Members tells its own story of success when the going is toughest:

Company	Assets 1935	Assets 1929
(000 omitted)		
Metropolitan Life	\$4,234,802	\$2,388,647
Prudential	3,129,475	1,789,266
American Tel. & Tel.	2,995,751	1,759,950
Chase National Bank	2,350,549	1,001,292
Pennsylvania Railroad	2,290,391	1,515,277
New York Life	2,243,587	1,401,076
Standard Oil of N. J.	1,894,914	1,264,162
National City Bank	1,880,679	1,682,802
Guaranty Trust	1,847,433	850,300
		(merger)
Southern Pacific	1,822,641	1,988,995
U. S. Steel	1,822,401	2,180,571
Equitable Life	1,816,170	966,825
New York Central	1,799,406	1,269,858
General Motors	1,414,266	757,735

## **Jobs for Horses**

NEW YORK'S horse "population" is on the rise, according to Dr. Joseph R. Kenny, chief veterinarian of the Women's League for Animals. Estimates of the total number vary from 25,000 to 30,000 horses. Another index is the number of licenses issued to peddlers using horses and wagons. The Department of Public Markets reported 1,200 horses pulling fruit and vegetable wagons compared to 1,217 trucks. In other fields the competition of the gasoline motor was more pronounced—only 40 horses were reported engaged in public hauling as against 800 trucks.

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EXIDE BATTERIES  
FRUEHAUF TRAILERS  
GATKE BRAKE LINING  
GOODRICH TIRES  
GOODYEAR BATTERIES  
GOODYEAR TIRES  
GRAHAM  
HERTZ  
KATHANODE BATTERIES  
LaSALLE  
LOCKHEED  
HYDRAULIC BRAKES  
L-O-F SAFETY GLASS  
MOTOROLA  
MULE BATTERIES  
NATIONAL BATTERIES  
OLDSMOBILE  
PACKARD  
PHILCO  
PLYMOUTH  
PONTIAC  
RAMCO PISTON RINGS  
RAYBESTOS  
BRAKE LINING  
RCA - VICTOR  
SEIBERLING TIRES  
STANDARD SERVICE  
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## Cotton's New Social Problem

(Continued from page 31)

ginners reported. In all other respects, however, this cotton was as good as that picked by hand.

Scores of cotton-picking machines have been invented but none succeeded.

The chief stumbling block that inventors faced was the nature of the cotton plant. Its bolls are scattered over a wide area and must be searched out and picked individually. Another difficulty was the problem of picking the ripe bolls without damaging the green ones.

### Moistened spindles are used

AS BOY cotton pickers on a Texas farm, the Rust brothers had noticed that the cotton stuck tightly to their damp fingers on dewy mornings. In 1927, when they began work on their cotton picking machine, they remembered this and decided to employ a system of moistened spindles which, like their damp fingers, would twist the cotton from the open bolls and leave the green bolls undamaged.

The Rust mechanical picker that straddles the cotton rows today is merely a development of this idea. Primarily, it consists of a wide endless belt carrying 1,334 smooth wire spindles—resembling long nails—whose tips are automatically moistened by a wet rubber drum.

As the machine passes over the row of cotton, the hundreds of rotating spindles enter the compressed plant. Where open bolls are encountered the fluffy cotton adheres to the moistened tips and is twisted free of the plant. As the rotating spindles move to a compartment in the rear of the machine the cotton is stripped from them and a fan blows it through a large pipe into long sacks.

The speed of travel of the spindle belt and the consequent movement of the spindles in backward direction is approximately equal to the forward travel of the tractor-towed machine. The spindles, therefore, while in the plants, rotate in a position approximately stationary with relation to the stalks.

The Rust cotton picker will never be sold, says Mack Rust, but will be leased to farmers. The cost of the machine is approximately \$2,000 and the company plans to collect this the first three years—\$1,000 for the first year, \$600 for the second and \$400 for the third. Afterward, the machine will be rented for \$200 a year.

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## Our Bid for World Shipping

(Continued from page 28)

it, 33 ships, of 366,133 gross tons, costing \$144,580,000, were built, and there probably would have been many more had it not been for the world economic upset. In safety and appointments they are equal to any corresponding vessels afloat.

### Cargo ships are most needed

OF THE 33 ships, 31 were of the combination cargo-passenger type. No cargo ships were built for the foreign trade. The American merchant marine today needs all types of ships, and particularly cargo ships.

Shipping authorities believe these cargo ships should be of from 6,000 to 7,000 gross tons and capable of economical operation on scheduled routes. Their speed should be up to 18 knots, in contrast with the present ten-knot ships. Of the 485 ships comprising the merchant marine in the international trade 85 per cent in number and 77 per cent in tonnage soon will be 20 years old, ordinarily the useful life of a ship.

The Merchant Marine Act of 1936 creates the United States Maritime Commission, composed of five members, an agency corresponding somewhat to the Interstate Commerce Commission. Its authority is exceedingly broad, because of the variable factors involved—notably that of meeting the competition of nations whose policies frequently change. Upon the members rests the success or failure of the law. If the Commission

embarks on a broad-gauge program, building up the merchant marine intelligently, it will have contributed materially to the general welfare of the country; if not, the American merchant marine is likely to remain a political football.

In general outline the new law provides two major aids for American shipping: first, Government absorption up to 50 per cent of the difference in construction cost in the United States and abroad; and, second, Government absorption of the difference in the cost of American and foreign operation.

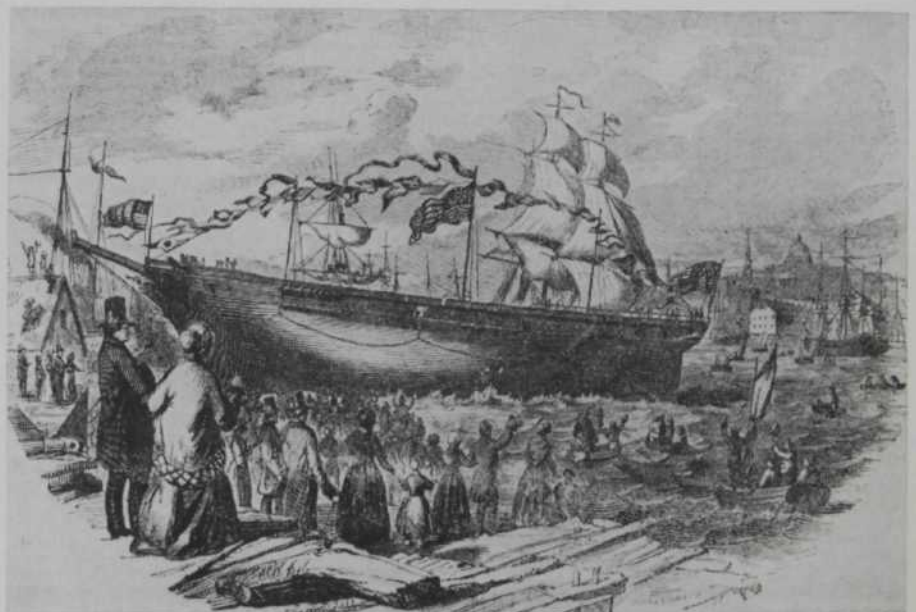
To illustrate, consider the details of financing a cargo-liner of around 6,000 tons of the type the American merchant fleet needs:

Such a ship can be built abroad for about \$600,000. In the United States, higher wages and material costs would make the price about \$1,000,000.

The Maritime Commission says to the prospective shipowner in effect:

We know you are at a disadvantage in building your ship in the United States, but we want to maintain a shipbuilding industry in this country. We want to use our materials and our labor. Further, we do not want to be at the mercy of other nations in case of war. Let us know what kind of ship you want to build and, if we approve it, we will order it built for you in an American yard. Then we will sell it to you for what it would cost you abroad!

Under this system the prospective shipowner must agree to certain special conditions. He must keep the ship in American registry, must employ



Launching of the "Flying Cloud," one of the ships that helped make this country an early power on the high seas

CULVER SERVICE



American officers and crews and must permit its use as a naval auxiliary in case of national emergency. He also must submit to conditions over which opinions differ. The policy of authorizing the Commission to contract for the ships, to fix the wage scales for officers and crews, and to interfere otherwise with the conduct of private business has been opposed.

The broad authority extended to the Commission for fixing wage scales and conditions of service for officers and crews gives it a potential influence which is likely to draw it into the virtual rôle of mediator in labor disputes.

### Preparing for strikes

THE President, in fact, is credited with having this in mind, among other things, when he made possible the functioning of the Commission by appointing temporarily three of the five members. A seaman's strike was threatening on the Pacific Coast; the fact that the Commission has authority to hold hearings and pass judgment on such issues as were involved was expected to minimize the possibility of serious trouble.

The extra cost of operating a 6,000 ton ship under the American flag is about \$30,000 a year. This is the difference in the pay of officers and crew and the higher cost of food and other items, such as repairs in American ports. The 1928 type of mail contract no longer applies.

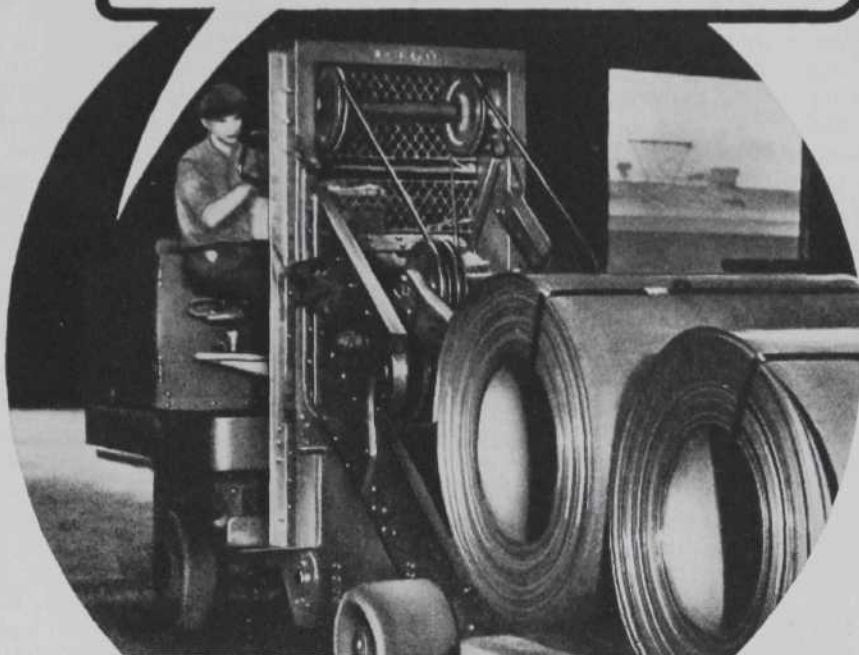
To determine the difference in cost of construction in the United States and abroad, the Commission will maintain fact-finding facilities in the ship-building centers of the world.

The purchase terms in the Act of 1928 are continued in the Act of 1936. Purchasers may obtain a ship for 25 per cent of the foreign price, the balance bearing interest at three and a half per cent and payable in annual installments over a 20-year period.

Before a ship is built, the Navy Department is to review the plans and specifications and recommend such structural changes as may be desirable if the ship should be needed as a naval auxiliary. The Government, of course, pays for such installations.

If the sponsors of the new law have estimated correctly, the American merchant marine is about to undergo complete rehabilitation. Today the merchant ships under the American flag carry approximately a third of American exports and imports, more than three times as much as they carried 20 years ago. Tomorrow, with greater efficiency and lower operating cost, the volume may reach 50 per cent of the total, and that is the immediate goal. Then the United States will have regained something akin to its proper position in world shipping.

**"MY JOB IS A BIG ONE—  
BUT I CAN TAKE IT!"**



● Edison Batteries thrive on hard work. There are big batteries to do big jobs. The picture above shows an Edison-equipped battery truck which can handle loads up to 20 tons, day in and day out. Ten years ago, in industrial truck service, batteries were seldom called upon to handle more than 2 tons at a time.

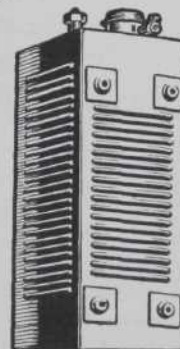
The railroads have been asking more of batteries, too. When a storage battery simply acted as stand-by equipment for lighting the passenger cars the job was easy. But now they perform similar duty for electrically-operated air-conditioning systems—and alkaline batteries stepped right up and met the situation. Down in the mines they wanted batteries that could be charged fast and withstand the shocks of switching, derailling and

other hard usage. Well, alkaline batteries met that, too—and they are the only batteries that could.

Whatever the power job where continuous line current connection is not available or economical, there's an Edison Steel-Alkaline Battery of the right size to do it. Edison's principle of a steel battery using alkaline electrolyte is rushing right in to tackle industry's biggest jobs—24 hours a day, in many cases. It is important to note that the number of Edison Batteries going into service is several times greater than the general increase in the battery business. That's because in U.S.A. only the Edison is steel-alkaline... only the Edison provides assurance against unexpected failure. It lives 2 to 5 times as long; costs least per year.

# EDISON STORAGE BATTERY

DIVISION OF THOMAS A. EDISON, INC., WEST ORANGE, N. J.





# And May the Best Man Win...

(Continued from page 22)

power lines is evidence. Against this will be urged the fact that unless the various companies cooperated in giving one another service in time of shortage or storm or high peak loads, electric service in America would be as miserable as it is in Europe. Above all, they will learn to hold fast to something when either side begins to use words. It will be good practice for them because, throughout their lives, they will spend much of their time doing the same thing. Amidst the gale they will keep their eyes open for facts. Hard facts!

They will hear a great deal about watered stock and will discover, perhaps to their surprise, that the water has nothing to do with the rates. If Senator Norris takes an ill-advised flutter in *Something Common* that is just too bad. But he will pay neither a cent more nor a cent less for the current he uses because there is water in the stock. The students

that public ownership has been costly and inefficient. The students will discover that the real kernel of the topic they are debating is:

"Does public ownership pay?"

Because if publicly owned utilities have been able to give better service at less cost—or at the same cost—than privately owned utilities then the debate is over. They might just as well talk about the Dred Scott Decision.

The public has the legal and constitutional right to take over privately owned utilities whenever it wishes. If it lacks the right today it can vote itself all the rights it needs tomorrow. If the Government can undersell privately owned utilities on an honestly competitive basis and give equal or better service, then the private utilities might as well go down the fire escape. They may not know it but they are through. But, if the Government cooks its books and covers up its failures by making

reach their decision on the basis of whatever facts they are able to find. Yet they must avoid being influenced by mere opinion. Even the opinion of the All Highest. It is a perfectly safe prophecy that the young man or young woman who is most successful in this is on his or her way to eminence.

## All facts must be checked

HERE is a rough outline of what some of the leading men in the utility industry believe. I will not put it stronger because I hope the students will not take any one's word for anything in this debate but will check and double-check everything that any one claims. These leading men admit that some municipally-owned plants are well managed and have been successful in every way. These are few. It will be stated that special conditions may be found in every case. About 400 of the municipally owned plants have prepared reports which are fairly comparable to those which privately owned utilities must make under the law.

There are about 1,800 municipally owned plants in the United States. Approximately 1,400 either have made no reports which are available to inquirers or have not made them in a form which permits comparison or dissection. This may be merely mental sloppiness. It may be protection against the taxpayers who might revolt if they found out how much money the plants are losing. An interesting question for the students to take up is why the Government is giving millions of dollars to municipalities to establish more municipal plants and backing these gifts with other millions of the taxpayers' money in long-term, low-interest loans.

The flat statement is made that public ownership as a policy has failed in the Americas. It might be a necessity in the backward European countries where the people have lacked the intelligence and the enterprise on which industrial advancement is based. They have not been, in two words, rugged individualists.

But in this hemisphere it has not been necessary for government to lead the way. Of course the people have made mistakes, but when the Government tried to cure them it was the taxpayer who picked up the check. The bundle of small railroads in Canada might never have paid a penny in dividends to their stock-



When this debate is over, many of us will have a better understanding of public ownership than we ever had before

will dig into this for themselves, and will not be influenced by the fact that some of our best and bravest are simply unable to understand that state commissions permit rates to be charged only on costs and not on water. They will be told that public ownership has been a boon to the people. Here they will go right into a man-sized job. The opposition says

charges and promises and neglects today's fact to look at tomorrow's rosy dawn, these things should be shown. It is at this point that the students will find themselves digging into some extremely tough trouble.

They could reach a decision if they could get all the facts. They will find that they cannot get all the facts. They are not on record. They must



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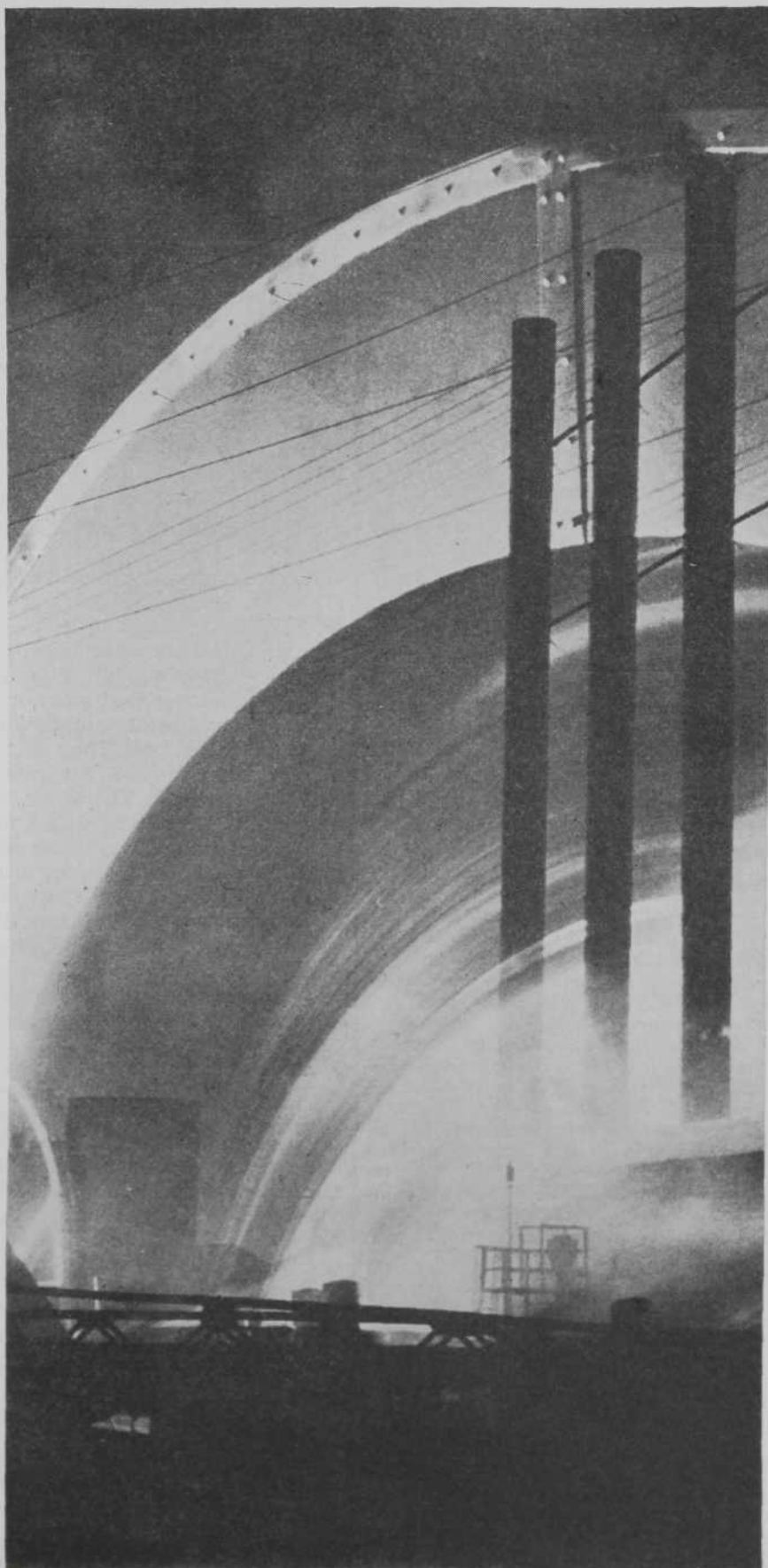
**I**F ANY force in America has put money into workers' pockets and contributed to the well-being of the average citizen, it is American industry and business. For industry, playing a two-fold part, not only has made possible today's comforts and conveniences, but has provided the work for their production.

Most Americans are familiar with the merits and qualities of the everyday items they consume, though few know or care about the companies and industries producing them.

Some of the nation's enterprising companies have begun to realize the importance of telling the story of their institutions. A number of them have selected The New York Sun as the newspaper for this advertising because of the constructive work it has done and is still doing to bring about a better understanding of American industry by the American people.

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# SAVES \$4700 ON FUEL IN 1 YEAR



Chas. J. Scholz, President of the Hotel Vendome (right) at Evansville, Ind. Iron Fireman automatic coal burner installations made by Deep Vein Coal Co., Evansville.



## IRON FIREMAN CUTS FUEL COSTS 66% AT HOTEL VENDOME

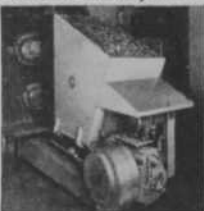


In Evansville the Hotel Vendome modernized its heating plant by installing Iron Fireman automatic coal burners. Using small sized, low cost coal, and less coal than the former hand-firing method, Iron Fireman cut yearly fuel costs \$4700 or 66%. These savings represent earnings of more than 100% a year on the original cost of Iron Fireman equipment.

If your fuel bills are like the Hotel Vendome's were before Iron Fireman was installed (and how do you know they aren't?) you are throwing away 66¢ of every dollar you spend for fuel.

You can find out exactly how much you are wasting—how much Iron Fireman firing can save you in fuel bills, in reduced boiler room labor, in elimination of smoke nuisance, in increased heating efficiency.

An Iron Fireman survey will give you the facts. Your dealer will render this service, quickly and accurately, without cost or obligation. Simply phone him, or write to 3099 W. 106th Street, Cleveland. Iron Fireman Mfg. Co., Portland, Ore.; Cleveland; Toronto. Dealers everywhere.



Iron Fireman is made in both Hopper and Bin-Feed models for boilers developing up to 500 h.p., and for homes. Quickly installed. Convenient payment terms.

# IRON FIREMAN

AUTOMATIC COAL BURNER

holders, but when Government tied them up as the Canadian National the taxpayer began to pay. He's up to his neck in Canadian National debts now.

The Ontario Hydro was called the foremost example of government ownership for years. Probably it was. The voters got so tired of its political management that they turned one gang out and put another gang in. It is in the red for millions and the students will find it tremendously interesting to dig into its history. Everything is on record. The difficulty is, of course, that the two sides place differing values on the same facts. The one says that Hydro has been ruinously costly and that it has offered no inducements to industry to come into Ontario and build up trade. The other side says that in a little while the Hydro will make everybody happy and that in any case the homeowner is enjoying cheap juice.

The Hydro's story will be a fine whetstone for our 120,000 debaters to sharpen their wits on. But they must remember to stick to facts.

### Old arguments have changed

IF THEY can build up their arguments on fact they are safe. If they wander into eloquent generalities they will discover that most of them have been said before and that many of them are not true. They may have been true at one time, but the calendar has changed. There are water power possibilities, beyond a doubt, in localities which need current and which are at a handicapping distance from the coal fields. Such possibilities should be developed. But the students will learn, no doubt to their surprise, that, except in a few localities, power can be produced more cheaply by burning coal than by running water through a turbine.

They will also be assured by men with money invested in the coal mining business that, as more water is used to produce power, less coal is burned and the coal producers cannot afford to lose any more business. They will be further surprised, perhaps, to find that John L. Lewis, of the United Mine Workers, says this.

They will be asked to apply the acid test to the oratory about our "national resources." J. N. Darling, the conservationist and artist, tells of stagnant waters lacking in either fish or bird life which have been piled up behind dams built where they were not needed. Some one had merely gone a little daffy about saving "a great national resource."

The water would still be a national resource if it had been permitted to find its own way down hill to the pleasure of ducks and fish and

sportsmen. The students will find the Administration's experts divided among themselves on another phase of our "national resources." One group would build high dams to control floods and make power. The other points out that high dams do not control floods because, if the reservoir is full, the flood water runs over the dam just as though it were not there. Yet, unless the reservoir is full, the power cannot be made to the complete satisfaction of the public owners.

The utilities will tell them that those favoring public ownership propose to transform a tax-paying industry into a tax-eating industry. The students—and no doubt their parents—will ask if this assertion can be proven. If it is shown to be true, they will ask whether the taxpayer will profit by this addition to his burden. Here the students will begin to look into the relations of labor and capital. No wholly sane man will argue that labor could operate without the tools and management provided by capital. The possession of capital implies the payment of taxes. If the taxes become too burdensome, capital skips out or is crushed or adds enough to the selling price to cover the increased cost.

When I was a boy we had very little government, so to speak. We had an army and navy, the courts and schools, and the police power. That was about all. We also had a good five-cent cigarette.

Now we have an enormous amount of government. The tax on each package of cigarettes is six cents. The ordinary family pays more in cigarette taxes than it does for its electricity. The thing that is mostly wrong with this picture is that we seem to be headed for more government and more taxes.

Those opposing government ownership will tell the debaters that the United States has prospered because there have been so few bureaucratic straps with which individual initiative has been bound. Henry Ford, Thomas A. Edison, Jim Hill are three among hundreds of thousands who succeeded in greater or less degree because government left them somewhat alone. The stale air of government bureaus seems to stifle enterprise. Civilian inventors have even supplied the armies and navies of the world with their ships and weapons. The students will be told that the silliest thing possible would be to take an industry out of the hands of men who are urged on by ambition and turn it over to bureaucrats.

These suggestions only illustrate the width of territory the students may cover. But, while they are fundamental, they are to some extent ac-



demic. If government can run a utility more efficiently and at less cost than its owners, government will eventually get the utilities. The inquiry then becomes:

"Has government ever done any such thing on a big scale?"

### Human nature in government

THE one constant factor is human nature. It is not to be supposed that government agents who have failed to make a government-owned enterprise pay in the past will change skins overnight and make it pay in the future. It is at this point that the parents of the 120,000 contenders should take a hand. They have a stake in the country. They pay the taxes. It is agreed that today's boys and girls will pay increased taxes in the future, but the parents should know what they are paying for today. The debate over public ownership descends from the general to the particular. The Government says:

"We are making and distributing current more cheaply than private utilities. That is why we ask the right to go on and expand our program."

The debaters will say:

"Prove it."

The most immediately available source of information is to be found in the records of the Tennessee Valley Authority. This has been called a yardstick by which the Government measures privately owned utilities. David A. Lilienthal, one of the three men of the Authority, has said that the TVA will not only be able to undersell its commercial rivals on an honest statement of costs, but to make a profit which will return all the money the Government spent on the TVA. If this is true, then the TVA is indeed a yardstick so far as the Commonwealth and Southern Company—its immediate competitor—is concerned. But if the TVA is cheating in its accounts, then it is not a yardstick, and the Government has not proved its case.

No one, it seems to me, can take exception to that statement.

It is at this point that the students will begin to get headaches. They will find it necessary to burrow through a mass of assertion to get at the underlying facts. I do not propose to review the history of the TVA, but only to restate the proposition. A yardstick is not a yardstick unless it is accurate. Each of its inches must be a statutory and truthful inch. The Government's claim that the TVA is a yardstick of the utility industry, then, is equivalent to a declaration that it is meeting the privately owned competitor on a fair basis. It is including in its costs every item that the privately owned company includes in its costs. If it does not, the

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difference must be made up by the taxpayer, and the TVA becomes, not a yardstick, but an essay into pure Socialism. Which is what Norman Thomas says it is. Thomas is the head of the American Socialist party.

The champions of private ownership say that the TVA does not pay taxes in any considerable sum, and that its competitor does. They say that the TVA gets its money from the Government and pays no interest. Only the taxpayer pays the interest. The utility companies must pay. They say the TVA has arbitrarily lessened the sum charged against it as capital invested and has, therefore, made possible a sweeping reduction in bookkeeping overhead. They say no privately owned company would be permitted to do this. They say the TVA made no allowance for deprecia-

tion in 1935 and so increased its apparent profit. They say the TVA franks its mail and fobs off a part of its advertising costs on other government accounts.

And a lot more.

My own feeling is that when this debate is over a lot of us will have a better understanding of the problem of public ownership than we have ever had before. Some of those who will profit in this way will be the parents of the 120,000 and of the several million other students—and who are paying the taxes. They may never do anything about it, but they will at least know how the ring was put in their noses and why. My hope is that this debate will not be judged on oratory but on the presentation of fact. I believe it will be.

And may the best man win!

## Delivering the Kilowatt

(Continued from page 56)

or ten minutes he has repair men on the way to repair the damage, or to open certain switches and close others to restore service.

Consider a single power company, as for instance the Tennessee Electric Power Company. This company operates five large hydroelectric plants with a generating capacity of some 140,000 kilowatts, and three steam plants capable of putting out 100,000 kilowatts more. Serving 125,000 customers by means of 1,600 miles of high voltage transmission lines and 4,500 miles of distribution lines, the system includes 28 switching stations. Every one of the operatives in the load dispatcher's department must be intimately familiar not only with the equipment but with the men in every one of the generating and the switching stations.

To maintain this intimate knowledge, once each month every one of these operatives visits every station. He talks with every man with whom he must have contact from the dispatcher's office. He must know the men, their personalities, their voices, their homes, how far each lives from his job, what is his telephone number. If any important changes are made in the equipment anywhere, he must know all about it.

The Load Dispatcher's office is not always a tranquil place. Not long ago, a severe wind storm hit Chattanooga, Tenn. The local load dispatcher received an hour's advance warning of the storm from the western outskirts of the system. When the storm struck the city, all available repair men had been assigned

to posts, every repair truck was spotted to be within quick reach of trouble, and when wires began to snap under falling limbs the troubleshooters were not far away.

On March 14, 1934, an ice storm swept a wide area in central Tennessee. While a slow, steady rain fell, the temperature dropped below freezing, and trees, telephone and electric wires became coated with ice to a thickness, in some places, of an inch and more. A telephone engineer weighed a broken section of telephone wire which normally weighed an ounce and found it covered with eight pounds of ice.

### Trouble shooters on the job

ICE-LADEN trees snapped off or were uprooted, and fell across the wires. Ice began forming at 4 o'clock in the morning. By 7 o'clock, the mobilization of emergency repair crews began, and line materials from other parts of the company's system were dispatched to the stricken area by truck and train. By nightfall 18 veteran line foremen, with more than 100 trained and experienced men, were either on the job or on their way. Throughout the day the ice continued to grow thicker.

By 9:30 the next morning most of the distribution lines in Murfreesboro had gone down beneath the falling trees, and lines were so hopelessly intermingled with telephone lines and fences that all power was cut off for several hours as a precaution to protect life and property until the wires could be untangled.

The load dispatchers at Chattanooga resorted to drastic means of



switching and transferring in an effort to build up the load enough to raise the temperature of the wires to melt the ice. Telephone calls for load dispatching had to be routed through New Orleans, New York, Chicago, and St. Louis.

### Service quickly restored

TRANSMISSION lines that were damaged on Monday were operating again the same day, or the loads were supplied from other connecting lines, except where the distribution lines were so badly wrecked that it took several days to untangle and repair them. There were some 15 breaks on high voltage transmission lines. All Monday night the linemen went determinedly about their work.

The crews that first arrived on the job continued for 17 hours the first day and 17 the next. The interruptions of service, complete at some points and partial at others, meant inconvenience and discomfort to hundreds of customers; but the fine attitude of the public was a constant inspiration to the men on the job. At Murfreesboro, where the devastation was most complete, the young women organized a volunteer corps to serve hot coffee and sandwiches to the men too busy to take time off to eat. Company officials, the line superintendents, foremen and others found their resourcefulness and capacity taxed to the utmost in organizing and directing their forces to the best advantage.

"It was a remarkable demonstration, not only of the spirit but of the efficiency and effectiveness of the organization that is really and truly devoted to the public service. The results were accomplished in the face of danger, difficulty and exposure and despite all the hazards encountered, it is a remarkable fact that not a single lost-time accident occurred—a record of which the company may be justly proud," said the Nashville *Tennessean*.

An approaching Florida hurricane found repair men and material en route to the scene of anticipated disaster from every branch of a great holding company system. Floods along the Atlantic seaboard last spring created many situations that called utility men to hardships and bravery.

Be it electricity and gas supply, transportation or communication, there are apparent everywhere a fascination, a loyalty and a devotion to duty in these fields of business dedicated to the public use that have made the utility business what it is in the United States today, the best in the world. Can the motive be profit, or is it service?

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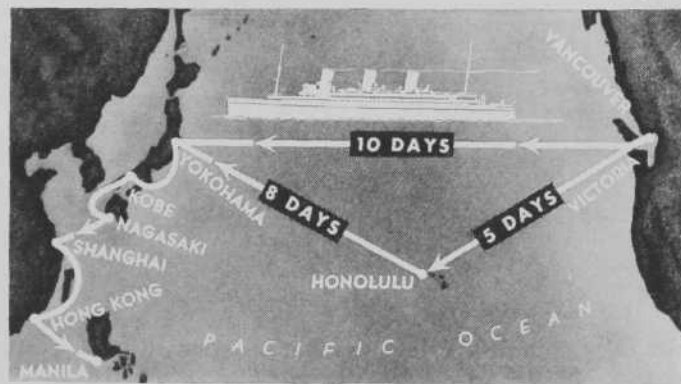
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## Consumers' Cooperatives on Main Street

(Continued from page 38)

seems to account for a major part of the strength of the Cloquet Society. For the most part, the members are Finns who have immigrated to the United States since the World War. Among merchants in Cloquet one frequently hears the opinion that the sons and daughters of these immigrants are not so closely allied to the cooperative movement as are their parents. Contacts with American schools and other institutions are influencing the younger Finns to examine privately-owned retailing establishments where larger selections of merchandise are available and to patronize them for many needs.

The Cloquet Co-operative Society, in point of annual sales, is the largest consumers' cooperative in Minnesota, and one of the largest in the United States. It is one of approximately one hundred cooperative organizations affiliated with the Central Co-Operative Wholesale. The C. C. W. is owned and controlled by the local consumers' societies. Organized in 1917, and doing a wholesale business of \$132,423 in that year, its sales in 1935 reached \$2,185,244.90.

### Sales are increasing

RETAIL sales of 66 of these local societies totalled \$6,621,588 in 1935 compared with \$5,673,095, in 1934, or an increase of 14.32 per cent. In the face of this increase in retail sales, however, the purchases of 68 societies from the cooperative wholesale organization increased only 1.71 per cent in 1935 compared with 1934.

Frequently questions are asked as to the operating results of consumers' cooperative organizations. The accompanying table (page 36) summarizes the results for 1935 of 60 societies affiliated with the Central Co-Operative Wholesale. Included in these figures are those of the Cloquet Co-operative Society with its four stores and varied operations, as well as data for 13 other societies each having annual sales exceeding \$100,000. Because of the large variety of articles handled through the cooperatives, it is difficult to compare their operating results with those of private enterprises. Not all the cooperatives included in the consolidated reports ended the year on the black side of the ledger. Three out of the 60 lost money, while five made profits netting less than two per cent of sales. It should be remembered, also, that the figures given make no allowance for interest on investment.

The Cloquet Co-operative Society and its 90-odd counterparts in northern Minnesota, Wisconsin and Michigan, represent an economic and social development which is disturbing many merchants who have established businesses in the territory in the past 30 years. In other sections of Minnesota, cooperatives are spreading rapidly, particularly in the selling of gasoline and oil. The points of view expressed by merchants of Cloquet are shared by business men in Duluth, Minneapolis, St. Paul, and in the state's smaller communities.

If the cooperatives were just another competitive force the merchants would have little objection to them, believing that the inevitable march of economic events would deal with these competitors in the same manner as with other businesses. They express particular resentment, however, at the encouragement and aid which various government agencies are giving to consumers' cooperatives. One Cloquet merchant said:

For many years I have been active in the work of the 4-H and Calf Clubs among the young people of this county. The objective of these organizations is to make better farmers of the younger generation. Instead of confining the activities of these organizations to farming topics, however, those in charge have recently spent considerable time in preaching consumer cooperation. At one meeting, the county agent devoted his whole time to that subject. The literature published by governmental bureaus in Washington, telling how to organize and operate a consumers' cooperative society, is used for instructional purposes, and pamphlets prepared by the propaganda department of the cooperatives themselves are distributed among those present.

We have then, a situation where public servants and public agencies are using public funds, provided by thousands of merchants like myself, to promote a social and economic order which contemplates our extermination. Not only are the cooperatives being promoted through the use of public funds, but the societies are seeking every possible opportunity to gain tax exemption so that they need not contribute to the support of public service and public institutions.

When asked what local merchants intended to do under the circumstances, the merchant replied:

For my own part, I intend to discuss these problems with all candidates for public office who desire to represent this community in St. Paul and Washington. If the cooperatives can't stand on their own feet by assuming their full share of taxes and other obligations to the community of which they want to be a part, and if the cooperatives can't demonstrate their own merits without calling upon government agencies to aid them, I want to know the attitude of public offi-



cials and candidates for office on these questions. You may rest assured there are other merchants who feel as I do, and scores more are awakening to these questions every day.

Further, as a merchant who has studied the needs of his customers for more than 30 years, I intend to do the best merchandising job of which I am capable. I intend to follow the policy which has guided me for 30-odd years—to give my customers dependable merchandise of a quality consistent with prices paid. To do this, I will continue to run a store well stocked with merchandise attractively displayed. My employees are well paid, and they share my enthusiasm in trying to serve our customers to our mutual satisfaction. We take an active interest in the commercial, civic and religious organizations which make this community a worth while place in which to live—we demonstrate our belief in these institutions by contributing liberally to them individually and as a firm.

I am not alone in the general program which I have outlined. The state-wide retail merchants' association, of which I am a member, has set out similar objectives, first, with respect to removing competitive discriminations which favor the cooperatives, and second, with respect to strengthening the hands of its members in doing a more effective job of merchandising. This program is spreading beyond the borders of Minnesota, and our national trade association is doing its part. In addition, a number of wholesalers, recognizing that their success depends upon that of their retailer customers, are helping the latter in matters of display, advertising, and merchandising. As the interest and initiative of business men who believe in private enterprise find expression in united action for better retailing, the specter of a consumers' cooperative movement strong enough to eliminate other forms of retailing will disappear.

In the last analysis, the American housewife with her love for shopping and comparing the values offered by various retail merchants will decide the forms of retailing which are to continue, and those which will ultimately develop. The consumers' cooperative movement must have more to offer her than merely a chance to have a small ownership stake in a business enterprise and a small patronage rebate. Such competitive factors the aggressive independent merchant can overcome. I, for one, am confident that the cooperatives will fail to make any serious inroads on retailing in the United States if retailers generally buckle down to doing a real job of merchandising.

## Red Cross Roll Call

THE American Red Cross, in preparing for its annual roll call to be held from Armistice Day to Thanksgiving, reports that during the year it has given relief in 138 disasters.

In the devastating spring floods and tornadoes which affected 20 states, the Red Cross aided 145,000 families, giving food, clothing, shelter, medical aid and rebuilding and repairing homes.

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—W. L. H.

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**NATION'S BUSINESS**, Washington, D.C.

# Workers Write Their Own Pay Checks

(Continued from page 72)

advertise good hosiery. I could double the business of the department within a year."

"What is the first thing you would do?" I asked.

"I'd get rid of that cheap trash as quickly as possible, then I'd stock up on the good brands that people really want because good hosiery is cheap enough today for our customers. After that I'd train the salespeople to sell hosiery."

"I'd get the old customers back by admitting that we had made a mistake in selling cheap stuff."

"Why are you so positive that you are right?" I asked.

"Suppose you had been working in the department, had seen things going down from month to month, don't you think you'd know what was wrong, especially if your customers kept telling you why they weren't buying any more?"

"That young woman is now the manager of that department and has kept her promise to double sales and profits."

### Individuals make success

"I AM confident that if all our employees would start thinking about their work and help us to solve merchandising problems, other departments would forge ahead as that one did."

"In the final analysis our success or failure rests with the work of the many individuals that we call our organization."

It isn't high pressure salesmanship or slave-driving methods that bring results today. It's the right idea at the right time, and the man who has the idea and knows when to use it can move ahead as fast as he pleases. Such a man can name his own terms and will not lack bidders for his services.

A manufacturer of oil-burning equipment told me about a dealer in a small city who sold more domestic oil burners in ratio to population of his territory than any other dealer in the country.

I visited the dealer.

"Is it possible that you have discovered some trick of selling oil burners; something no one else thought of?" I asked.

"No," he mused, "I wouldn't put it that way. I'd say the trick is to find the right man to manage the selling."

"Would you give the credit to one man? I understand that you have ten salesmen."

"Yes, we employ ten salesmen, but the credit for our progress goes to the sales manager. Of course, he wasn't a sales manager at first. He was one of my first salesmen when we started selling oil burners. He was working on commission then. Wasn't but a few weeks before he was trimming all of us as a salesman. But he wasn't satisfied. He had ideas and ambition."

### An idea for more sales

"ONE day he came to me and said, 'I sold two burners today, but I'm not selling half the burners I should. People out in the country and small towns are skeptical. I know they'll buy if I can prove that they need automatic heat, and I believe I have an idea that will make them want to buy, but it will cost a little money to get started. I was wondering if you'd take a chance.'"

"What is your idea, George?" I asked.

"I was planning to mount a regular furnace equipped with an oil burner, ready to operate, on a truck. I'd attach a long electric cord to the burner so I could plug into a house light socket while the truck was out on the road."

"With that outfit I could drive up to the house, and after I got the people interested I'd take them out to the truck and start up the burner so they could see it work. That's all they want to know, but we can't sell them unless they do know."

"I told George to go ahead and the way sales began to roll in proved that he had the right idea. In a short time he was sales manager, and the new ideas he introduces keep those ten men hustling and earning large commissions. Without George and his ideas they wouldn't turn in half the business they are getting."

Regardless of the type of business, the most important question that is being discussed is: "Where are the men we need? Who can tell us what is wrong with our methods?"

### Good men are hard to find

"WE DO not advertise for men," said the treasurer of an oil company that operates a chain of service stations. "We have found that the type of men we need do not respond to every help wanted ad."

This executive started as a service attendant when the business was organized. His salary was only \$10 a week but he was constantly thinking



about ways to increase his employer's business.

One day the owner expressed his belief that he should do some advertising, at the same time complaining that newspaper advertising was too expensive for his small business.

"You're too small just yet to get good returns from newspaper advertising," said the young employee. "The large operators use half pages and your small ads couldn't compete with theirs. But you can compete with them if you use direct mail to a hand-picked mailing list. You can send out a few letters each day. That won't be very expensive and if it doesn't pay you won't lose very much."

The plan was tried and worked. Slowly the business increased. New stations were built from time to time, and the young employee became an executive.

That direct mail plan was only the first of many new ideas. Today he needs assistants who can develop new plans just as he did.

"Some people imagine that there will be no more new ideas in merchandising for a firm like ours," he said. "That's because those people never had the thrill of hatching a new idea and trying it out. Every day I am waiting for the man who will come to me and give me the greatest thrill of all, a perfect merchandising plan which I should have thought of, but didn't. He may be a total stranger or one of our employees. When he comes he will find a most cordial welcome and a liberal reward."

"Every employee writes his own pay envelope," he continued. "To pay more money we must earn more, and the way to earn more is to give the 'boss' an idea that will bring more customers, more business, and he in turn can reward the man who made the result possible."

## Consumer Cooperatives

THE Domestic Distribution Committee of the United States Chamber of Commerce has prepared a report which reviews briefly the organization, objectives, and progress of consumers' cooperatives both in the United States and in Europe. This report is intended to meet the business man's requirements for a brief discussion of this subject.

Single copies are available free from the Domestic Distribution Department, Chamber of Commerce of the United States, Washington, D. C.

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## Condensed Statement, September 30, 1936

### RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers . . . . .	\$ 439,797,700.91
Bullion Abroad and in Transit . . . . .	10,911,393.00
U. S. Government Obligations . . . . .	750,329,192.17
Public Securities . . . . .	52,000,813.78
Stock of the Federal Reserve Bank . . . . .	7,800,000.00
Other Securities . . . . .	25,324,141.12
Loans and Bills Purchased . . . . .	603,577,723.80
Items in Transit with Foreign Branches . . . . .	5,450,155.67
Credits Granted on Acceptances . . . . .	27,457,244.60
Bank Buildings . . . . .	13,345,558.39
Other Real Estate . . . . .	477,933.63
Real Estate Bonds and Mortgages . . . . .	2,345,452.93
Accrued Interest and Accounts Receivable . . . . .	14,197,072.38
	<u>\$1,953,014,382.38</u>

### LIABILITIES

Capital . . . . .	\$ 90,000,000.00
Surplus Fund . . . . .	170,000,000.00
Undivided Profits . . . . .	8,070,734.80
	<u>\$ 268,070,734.80</u>
Dividend Payable October 1, 1936 . . . . .	2,700,000.00
Miscellaneous Accounts Payable, Accrued Interest, Taxes, etc. . . . .	27,332,489.67
Acceptances . . . . .	\$39,464,439.12
Less: Own Acceptances Held for Investment . . . . .	12,007,194.52
	<u>27,457,244.60</u>
Liability as Endorser on Acceptances and Foreign Bills . . . . .	6,778,035.00
Agreements to Repurchase Securities Sold . . . . .	1,419,450.00
Deposits . . . . .	\$1,599,850,218.51
Outstanding Checks . . . . .	19,406,209.80
	<u>1,619,256,428.31</u>
	<u>\$1,953,014,382.38</u>

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# New IDEAS in Selling

More effective ways are constantly being found to get goods to the public

**Poker selling:** One small firm, soliciting the retailers in its home town with a series of six letters, insured interest by enclosing a miniature playing card in each letter and offering a prize for the best poker hand sent in. Permission was given to exchange cards with neighbors. The mailing held interest and proved successful.

**Cans:** One can company is making a valiant attempt to educate the public concerning the different sizes and uses of tin cans. It has distributed many thousand cans in nested sets of five showing the most usual sizes. The set ranges from No. 10, the "institutional" or "restaurant" size holding six to eight pounds, down to the No. 1, or "small family" container used for fruits and vegetables and condensed soups, especially in the metropolitan areas.

Each can in the set has printed on its side its size, its contents (both in avoirdupois and in "standard cupfuls") and the most common uses of the size.

The nested sets have been distributed principally to home economists. Booklets sent with the sets explain how cans are made, why and how some are enameled, and gives a full list of standard can sizes. Many questions concerning canned foods are also answered.

**Insulation guarantee:** One company, in promoting the sale of structural insulation for certain building requirements, is guaranteeing its product in writing "for the life of the building" against certain points of insulation failure. The program was announced as "designed to help reduce jerry-building, particularly in the insulating of low cost houses."

Improper use of the insulation is prevented to some extent because the guarantee is not given unless certain specifications are met in the building.

**Plate packages:** New packages are continually being tried. One of the latest that is proving successful for sausages and bakers' goods is a molded fiber plate with a printed transparent cellulose cover.

Rolls, cakes, pies, cookies have been put into eye-catching display packages. Cold cut meats and many sausage varieties are suited to this packaging.

For meat assortments, this package unit can be shipped flat to the retailer who purchases the sausages or other meats and makes his own assortment. Some packers, however, fill the containers at the plant and deliver them to the retailer ready for sale.

"The consumer," according to the *National Provisioner*, "likes the package because it permits immediate table serving without disturbing the deft and appetizing factory arrangement of cuts, and because it is sufficiently rugged to stand reclosing when once opened—making it possible, when contents are not entirely consumed, to retain all the fresh-

ness and cleanliness of the original package until the contents are used."

**Big consumer:** Some customers are hard to sell. Many a market research is made to help sell customers. Now comes one of the biggest consumers with advice for all and sundry as to how he wants to be—and must be—sold. In a report he has made for all would-be sellers, there is a section on "purchasing procedure together with concise instructions concerning the proper methods of soliciting inquiries and submitting bids."

These reports are "guide books for American business firms and individuals desiring to participate in the large market for products purchased by the various branches of the federal Government" compiled by the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.

"The information," according to the Bureau, "contained in these publications can be utilized by producers and sales representatives of every kind of merchandise consumed by the Government. The publications offer suggestive leads and short cuts for contractors interested

in obtaining government business and for prospective bidders on products for government use. Federal government purchasing offices, including offices outside of Washington, are listed."

**Furniture on long tick:** A new high for long term installments on furniture sales has, perhaps, been established by a New England furniture store. At the same time the store gets cash for the sale.

A cooperative arrangement between the furniture store and local banks allows the adding of the cost of furniture to loans made for the building of new homes. The loans are technically on the real estate—the furniture is not collateral—and the store gets its money before the furniture is moved.

The plan should help the young couples who build and find difficulty in furnishing their home. They can plan house and furnishings at the same financial conference and pay for them together.

**Reminder:** One small store manager rigged up an efficient but simple and inexpensive method of reminding him when orders made a day or so in advance were to be delivered. Over six nails on the wall by his desk he pasted the labels "Monday," "Tuesday," etc. from a calendar. On the nails he puts bills of goods to be delivered on any day in the week, also other memoranda that must be handled on a certain day.

If there is a C. O. D. order, extra book-keeping can be saved by hanging the carbon copy of the bill on a nail until the driver returns with the cash.

And the last thing before going home at night, on say Wednesday, a look at Wednesday's nail shows whether it is really quitting time or only six o'clock.

—W. L. HAMMER

*You're sure  
in the Center  
of things here!*



*A view from an  
upper floor window  
at the Mayfair*

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MAYFAIR ROOM  
THE HOFBRAU  
and the  
COFFEE GRILL  
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HOTEL LENNOX—Only One Block Over—Same Management



## Shake Hands with Our Contributors

**Chester Wright** is the publisher of *Chester Wright's Labor Letter*, a weekly review of the labor situation prepared for business men. At one time secretary to Samuel Gompers, he has for years been close to the labor movement and friendly with its leaders.

**Felix Bruner** is on the staff of the *Washington Post*. Handling of special assignments has made him a close student of public affairs and his feature articles have consistently demonstrated an ability to appraise and report accurately.

**Herbert Corey** is probably the most versatile writer in Washington. In addition to articles for numerous magazines, he writes books—ranging from social treatises to detective stories.

**Thomas Nixon Carver** is the author of many books on economic subjects and is widely known as a lecturer in the same field. He is a Fellow, Royal Economic Society (England) and of the American Academy of Arts and Sciences.

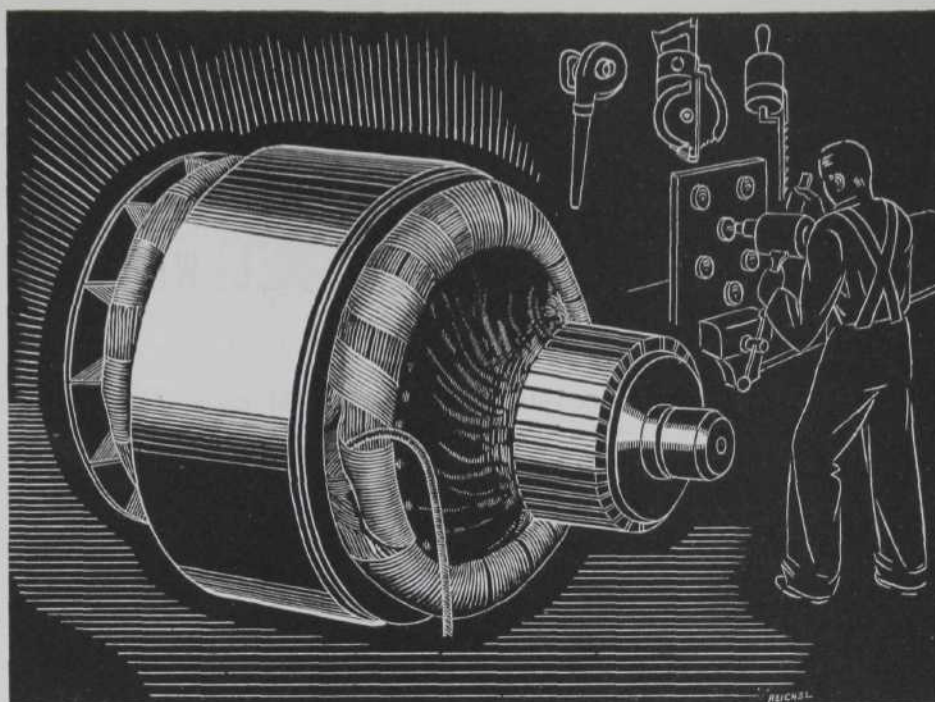
**Silas Bent** is a veteran newspaper man and a former member of the *NATION'S BUSINESS* editorial staff. He has written many short stories and articles, lectured on journalism and instructed in the University of Missouri School of Journalism.

**Donald MacGregor** is best known as a newspaper man and foreign correspondent. More recently he has been engaged in public relations work.

**Robert Talley** is on the staff of the *Memphis Commercial-Appeal*.

**Ralph L. Woods** is an industrial traffic analyst for one of the nation's largest industrial companies but spends most of his spare time in free lance writing for business publications.

**Arthur B. Gunnarson** is in charge of the United States Chamber of Commerce activities in the field of domestic distribution. His past experience includes teaching of economics, accounting and statistics at various institutions; service with the Harvard Bureau of Business Research and practical experience in the food industry, both in manufacturing and distribution.



## KNOW A MAN BY HIS TOOLS

—and a tool by its motor! Tools that must stand up—and *stand up*—under dizzy speed and punishing loads—are oftenest equipped by R & M, leading motor-makers for America's builders of quality tools. You will find these rugged motors on saws, drills, sand-

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## Coming in December

★ ★ ★

### The Cult of the Parasite By George Barton Cutten

We have heard a great deal about "social predators" but few have told us anything about the "social parasite." Here is a new view of the situation which raises the interesting question of what happens to the parasite after he destroys his host, the "predator."

### A New Day for Retailing By Kenneth Collins

A vice president of Gimbel Brothers, Inc., sees a new challenge for merchants and makes some suggestions for those who would like to do a better job of buying and selling goods.

### The Czar of Power? By Herbert Corey

If the Federal Government takes charge of all privately owned power plants and builds, owns and operates all the rest by courtesy of the taxpayers, somebody will have to boss the job. Mr. Corey introduces you to the most likely candidate for that job.



# From Little Acorns

BY A. L. WHITE

SOME years ago, Carl L. Leon started out to buy a Christmas tree for his children. After a long search, he found a vacant lot where a confusion of trees had been assembled for sale. There he selected a tree and tied it on the trunk rack of his automobile. But the tree was too large for its perch. Mr. Leon reached home without his tree.

That experience set him wondering if the selling of Christmas trees had to be a spasmodic, unorganized business conducted for only a short time once a year. He began to study the Christmas tree business. He found that it was largely a hit-or-miss affair to fill in a dull month or so in the winter.

As a result of his study, he started a Christmas tree business in a systematic way.

Early in the year he begins to book orders for the next season.

Christmas trees are the small, dwarfed trees which usually will never develop into good timber. By careful selection they can be obtained without harming the forests. Each spring he sends cruisers to pick out his trees from cut-over lands or in places where the forests need to be thinned. He had also worked out systematic, consistent methods of advertising, selling and making shipments. Today he is known as the Christmas Tree King—all because one day he was annoyed by the trouble he had in buying a Christmas tree.

## Made his own radio

THEN there is the story of how the Crosley radio came into being. Mr. Crosley's young son, the story goes, wanted a radio, and the father started out to get one. But that was in the early days when a set was expensive and not very efficient. After examining the sets on sale Mr. Crosley decided to go home and make his own.

He did. When he found that it was satisfactory and much cheaper than any he could buy, he put his electrical

knowledge and mechanical training to work to make good radios at reasonable prices.

Several morals might be drawn from these stories. One obvious conclusion might be "A little child shall lead them." In each case the man was actuated by a desire to please his children.

Many businesses have grown from the same motive. Naturally, this is especially true in the toy industry, where wise toy manufacturers have studied the demands of their children and acted accordingly.

Buddy bewailed the fact that a toy wagon and other presents he had received at Christmas were "no good" because they broke so easily.

"Papa," he teased, "please ask Santa Claus to bring me some good toys."

The father, after some experimentation, finally designed a small model of an automobile truck, which he had made up from pressed steel in his factory, the Moline Pressed Steel Co., of East Moline, Ill. This sturdy toy delighted not only the son

way of meeting his child's propensity for taking things apart to see how they worked. He designed a locomotive which a boy could take apart and put together again. The Dorfan Take-Apart Engine was born.

## Improved rag dolls

THE idea of the pretty, soft-bodied dolls, successors of the old rag dolls, originated from the observation of Albert Bruckner, a lithographer, that most little children like a doll such as the old-fashioned rag doll which can be thrown around, carried by an arm or leg and generally manhandled, and still remain the same undisturbed, soft-bodied, smiling companion. Mr. Bruckner reasoned that these rag dolls could be made much prettier and more lifelike and still keep their durability. So he designed some soft-bodied dolls with embossed or hand-painted faces. These he clothed in little dresses such as children were wearing. Starting in a small way, he built up a good business in a line of soft-bodied dolls.

Probably a deeper moral to be drawn from these "success" stories is that, by using one's powers of observation and acting upon them, new businesses may be started from small beginnings along obvious lines and made to succeed even in these days when "pioneering" is supposed to be past.

The effects of initiative probably did not die with the early inventors. Newton evolving the law of gravitation because an apple hit him on the head; James Watt learning the power of steam by noticing that the lid of a boiling tea kettle danced and fell to the floor—these

and many more such occurrences might have stopped with the observation but, because of the initiative and farsightedness of the individuals to whom the accidents happened, each of these happenings led to some great service to mankind or to a lucrative industry.



LENDREAU

but his playmates, who clamored for duplicates. So duplicates were made. Soon they demanded replicas of other vehicles and machinery. The father developed these toys one by one—dump trucks, coal trucks, derricks, and other mechanical toys.

Another manufacturer found a



## Apostle of the New Deal

(Continued from page 25)

written, organizing branches in 25 states, to serve as radiant centers of enlightenment. Primarily his efforts are directed to the God-fearing element of the electorate; he occupies toward the church somewhat the same position as George Berry toward labor. But he has drawn into his organization pacifists also, professional groups and women's clubs. His salary is reputed to be \$12,000 a year and it is paid by friends of the Administration whose names are not divulged. The expenses for office rent, printing, postage and the wages of half a dozen employees are by no means negligible. Dr. High himself sees to it that the funds are forthcoming.

Dr. High's title is in letters and is an honorary degree from Nebraska Wesleyan University. He is not a Doctor of Divinity. As a fact, he was not ordained a clergyman. After taking the degree of Bachelor of Sacred Theology at the Boston University School of Theology he went straightway into newspaper work as a correspondent of the *Christian Science Monitor*.

### The Kingdom of Heaven

THE Sermon on the Mount, with which Dr. High's rearing as the son of a Methodist preacher and his subsequent training have made him fully familiar, is to be found in the fifth, sixth and seventh chapters of the Gospel according to St. Matthew. Therein Jesus set forth to his Disciples the fundamental principles of the Kingdom of Heaven, and what Dr. High means about the New Deal is that "this is the first time in modern history when a Government in any nation" has undertaken to make the Kingdom a reality on this earth.

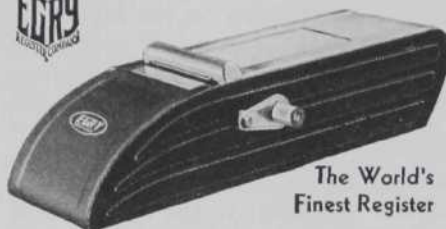
It would improve this outgiving vastly if I could reprint the entire Sermon on the Mount, since it has a definite bearing on Dr. High's present attitude and work. We find there that the peacemakers are blessed, and "shall be called the children of God;" and Dr. High, who was commissioned as a second lieutenant in the World War and served as an aviator, is dedicated now to the cause of international amity.

We read: "Blessed are ye, when men shall revile you, and persecute you, and shall say all manner of evil

**Wipe out** **MISTAKES · TEMPTATION**  
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Kimpak protects the fine finish of this beautiful 25-tube Zenith Stratosphere Radio.

### IT ARRIVED IN PERFECT CONDITION

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Let not INFLATION cause alarm. If you're prepared, it will do no harm. After you eat, it gases rise. Just simply Alka-Seltzer-ize.

Upon the question of RELIEF My plan is simple, plain and brief. Take Alka-Seltzer, tried and true. It's good for colds and headaches too.

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**HEADACHES • COLDS**

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against you falsely, for my sake." Postmaster General Farley may have had the passage in mind when he forecast that this would be a "mudslinging campaign."

In the Sermon there is also a verse: "Give to him that asketh thee, and from him that would borrow of thee turn not away," which may be accepted as justification of a part of the New Deal.

#### Politics and perfection

THERE is counsel to be perfect, about which any political group, even the best intentioned, may experience qualms.

Dr. High called the New Deal a practical application of the principles of the Sermon on the Mount as far back as 1934 in a talk to college students. Even then he perceived that the "fundamental objective" of the Administration was religious. Not until nearly two years later did he become the semi-official spokesman for Mr. Roosevelt to the churches of this country.

But more than a year ago, while a lecturer on current events for the National Broadcasting Company, he undertook to counteract a whispering campaign regarding the President's health. Over a nation-wide network, Dr. High spoke with emphasis. Republican as well as democratic newspapers thought his talk worth page-one display. This was appreciated in Washington. Then, while on a country-wide trip to gather further material for broadcasts, Dr. High wrote frequently to Mr. Roosevelt on the social and political state of the nation.

Thus it was that Dr. High was invited to Washington last January to talk over the possibilities of working directly for the Administration. Afterward the National Broadcasting Company was asked to release Dr. High, who by then had become manager of talks for the program department.

In February, he was installed in the Munsey Building in Washington as head of the Good Neighbor League. He took along one of the young publicity men from the N. B. C., and the expenses were paid, until the move to New York, by the Democratic National Committee.

It is possible, by looking at the official set-up of the Good Neighbor League, to get a notion of the source of its support. One of the executive chairmen is Col. Patrick H. Callahan, president of the Louisville Paint and Varnish Company; one of the co-chairmen is A. P. Giannini, who succeeded his brother as chairman of the executive board of the Bank of America when A. H. Giannini became

head of the United Artists Film Enterprises. Maj. Gen. John F. O'Ryan is a co-chairman, and so is George Foster Peabody.

The kind of organizations Dr. High has drawn into cooperation with his league is indicated by the fact that the executive director of World Peaceways, Mrs. Estelle M. Sternberger, is one of the executive chairmen. Among the co-chairmen are Bishop Edgar Blake of the Methodist Episcopal churches in the Detroit area; Miss Lillian D. Wald, social worker and publicist; Mrs. Celine M. Bowman, former president of the Business and Professional Women's Clubs; Mrs. Carrie Chapman Catt, suffragist and lecturer; Dr. James W. Crabtree, headquarters representative of the World Federation of Education Associations; Dr. Frank P. Graham, president of the University of North Carolina; Clifford V. Gregory, editor of *The Prairie Farmer*; George M. Harrison, president of the Brotherhood of Railway Clerks; Dr. John A. Lapp, former president of the National Conference of Social Work; Rabbi Morris S. Lazaron; George Fort Milton, publisher of the *Chattanooga News*; Thomas Neblett, president of the National Student Federation of America; Mrs. Percy V. Pennybacker, former president, General Federation of Women's Clubs; Angus Roy Shannon, an attorney; Dr. W. A. Sutton, superintendent of schools in Atlanta; Fannie Hurst; and Dr. Henry Goddard Leach, editor of *The Forum*.

The May issue of *The Forum* featured an article, written by Dr. High as a confession of his new political faith. It was called "A Republican Takes a Walk."

#### He wants recovery delayed?

THAT document, which Dr. High offered as an apologia for the New Deal, deserves further mention. He had never voted for a Democrat, but he had made up his mind to vote for Franklin D. Roosevelt. The Republicans, he averred,

have stated my case for me. They have said that the 1936 election involves more than the immediate fate of a political party. They will not say anything truer than that in their whole campaign. Franklin D. Roosevelt is not the issue. He has come to stand, not chiefly for himself, but for a certain tendency in American life. . . .

From the beginning of the depression it has seemed to me that the question whether we will get recovery is less important than the question whether we will get recovery too soon. I assumed that an economic system to which the things could happen that happened to ours was a system that stood in bad need of an overhauling and that we could afford to stay stalled long enough to have it overhauled. Back in the dark



days almost all of my capitalist friends assumed that, too. In fact, the depth and the breadth of their economic penitence was good to see. I must say, however, that I never took it too seriously. My father, who is a Methodist minister, used to remark that, of all conversions, the death-bed kind, if the patient does not die, is the least likely to last. I felt sure that most of these converts would not die and that, once out of danger, their thoughts would turn again to "the old life."

That is just what has happened. . . .

Subsequently Dr. High confesses that, for a long time, his socialist friends were hopeful of recruiting him to their ranks, but that they contended the New Deal "was merely another capitalistic effort to satisfy the masses with half a loaf; and I thought, with what the masses already have, perhaps half a loaf more ought to be enough."

On the matter of that additional half loaf, he says, he cannot compromise, and he quotes Edwin Markham on "the long, long patience of the plundered poor."

The "three long years" of which the Republicans complain, Dr. High notes, "have made America unsafe for the reactionaries."

Is there anything wrong with Jim Farley? Dr. High does not want to be "put in a position of defending Mr. Farley," but he inquires whether "Mr. Farley would have fared any better if his name had been Walter Brown or Will Hays."

That the New Deal "is not at every point all that it is cracked up to be" Dr. High admits, and says he does not relish its imperfections. (If it has any blemishes, then it does not quite live up to the counsel of perfection in the Sermon on the Mount.) Even though its policies may be unsound, he is convinced that the purpose back of them is sound. Not the methods but the objective of the New Deal have aroused opposition, he believes. The objective appears to him to be an economic house-cleaning, industrial liberalism, adequate labor legislation and social security. He says there are worse things than high taxes, an unbalanced budget and a big national debt. What he wants to see is an America which is "moving toward a solution of her problems of economic maladjustment," and he adds:

#### Promoting church and state

"I BELIEVE that Franklin D. Roosevelt has got the country facing those problems and that he has made a start toward their solution."

The Good Neighbor League, according to a form letter written by Dr. High to send out with one of his pamphlets, is in a position to promote the great social ideals of the Church and the Government. "There is prob-

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DEPARTMENT  
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Nation's Business believes that there is need today for straight thinking about business and a better understanding of its relations with government. Its advertising campaign this coming year is dedicated to this purpose.

The first advertisement, "America is a tune . . .", appeared in 18 newspapers on August 24. The second, "Labor—Today is Your Day", was published Labor Day; and "Remember Now thy Creator . . ." on September 21. "Sharing the Wealth: 1936" appeared October 5. (See page 112.)

Copies of these advertisements in full page size or as reprints, for use as stuffers in envelopes, may be obtained by writing NATION'S BUSINESS, Washington, D. C.





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*CORRESPONDENCE*  
*Certified* **PAPERS**



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the Next INAUGURAL  
 for the First Time Will  
 March Down New Con-  
 stitution Avenue...And  
 the Date will be January  
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**The MAYFLOWER**  
 R. L. POLLIO, Manager  
 Washington

ably no group in our country that can do this quite as effectively as the clergy," he says.

The pamphlet adds that "today practically the entire Church in the United States—Protestant, Catholic and Jewish—is officially committed to a program of social and industrial justice and well-being for the whole people."

There are frequent quotations from pronouncements by the Federal Council of Churches, from papal encyclical letters, from the Central Conference of American Rabbis, from the Catholic Bishops' Program of Social Reconstruction, from a pastoral letter of the American Catholic Hierarchy.

### The church and things social

THE pamphlet deals with social security legislation, wages and hours of labor, a "cultural standard of living," child labor, unionization, youth, wage-earning women, slum clearance and home building, government deficits, control of the profit motive, and so on.

Another league pamphlet, called "Don't You Want This Kind of America?" quotes the President exclusively:

If I were asked to state the great objective which church and state are both demanding for the sake of every man and woman and child in this country, I would say that the great objective is a more abundant life.

Yet I do not look upon these United States as a finished product. We are still in the making. The vision of the early days still requires the same qualities of faith in God and man for its fulfillment.

No greater thing could come to our land today than a revival of the spirit of religion . . . I doubt if there is any problem—social, political or economic—that would not melt away before the fire of such a spiritual awakening. At our neighbor's fireside we may find new fuel for the fires of faith at our own hearthside.

In the last paragraph is to be found abundant inspiration for Dr. High's Good Neighbor League and its evangelistic fervor.

The passage about neighborliness in foreign relations and at home is set forth somewhat more at length than these excerpts. It and some subsequent allusions to that theme are the basis of the league's title, but in its literature it classifies itself as a "nonpartisan association of those who believe that the Principle of the Good Neighbor is an expression of the American Ideal and should be made a fundamental policy of the American Government." Its members are pledged to support those movements and persons "which are now seeking to advance" the ideal.

The pamphlets were prepared, under Dr. High's direction, by the Rev.

Charles Stelzle, a Presbyterian clergyman, who has tried his hand, like Dr. High, at various times in journalism, propaganda, editorial work, evangelism and the promotion of prohibition.

Dr. High himself, as right-hand man of the Rev. Dr. Daniel V. Poling, assisted in the promotion of prohibition. As editor of the *Christian Herald* and as a speaker he fought repeal of the Eighteenth Amendment. There was a time when he held Mr. Roosevelt to blame for repeal but, he tells me, he has found out now that it was not he who was responsible but three Republican administrations which failed to enforce the law.

Whether or not the President is responsible for repeal, he serves beer and light wines in the White House and so is viewed askance by that part of the church-going electorate which advocates total abstinence. He has been known to go fishing Sundays, too, which cannot set well with devout New Englanders nor with southern Fundamentalists. In the conversion of some such persons from their prejudices, Dr. High has been valuable; and his work has served to offset somewhat the fulminations of the Rev. Father Coughlin and the Rev. Gerald L. K. Smith, supporters of William Lemke, Union Party candidate for President.

It might be an injustice to the Good Neighbor League, Inc., to neglect to mention two others of its pamphlets. One is called "Boondoggling," and undertakes to explain away some of those adventures which have given us the most picturesque word of the campaign. Another, more daring, is titled "The Case Against Franklin D. Roosevelt," and sets forth that pamphlets as well as other publications, more or less obscure, accused George Washington, Thomas Jefferson, Abraham Lincoln, James A. Garfield, Chester A. Arthur, Theodore Roosevelt, Benjamin Harrison and Grover Cleveland, at one time or another, of wastefulness, disregard of the Constitution, dictatorship, failure to keep their promises, political spoilsmanship, accepting bad advice, inconsistency or incompetence.

### Claims non-partisanship

SINCE Democrats as well as Republicans figure in that list of former Presidents, the League probably feels justified in calling itself non-partisan. There is a leaflet where this description is reiterated, which says that "The Good Neighbor recognizes that human values come before property values."

Most of us recall that when Jefferson was writing the Declaration of Independence some of the signers wanted to list the inalienable rights



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2	4.5	0		
	1.3	5		
1	0.4	5		
5	3.6	0		
	2.5	5		
2	5.0	0		
3	5	0.0	0	
6,7	1	2.7	0	
1	3.0	0		
5	9.0	0		

### THE 10 TYPICAL AMOUNTS ON THIS TAPE WERE LISTED AND ADDED IN ONLY 11 OPERATIONS

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#### Do Taxes Prevent New Jobs?

In 1890 only five cents of the income dollar was taken for all government expenses, Federal, State and local.

In 1935, 35 cents out of each income dollar was spent by political agencies. Business—labor and management—should be alarmed lest America become government-ridden and the greater toll of taxation prevent opportunity for new industries and new jobs.

Dollars in overalls  
—dollars invested  
in plants and  
equipment—create  
new wealth and  
new jobs.

# Sharing the wealth: 1936

When you hear the horseback economists talk glibly about the "corporate wealth of America" do visions of huge piles of cash rise glittering in your mind?

That's too bad—the reality is so confusingly different!

This wealth of the nation is in factories, tools, materials, machines for the most part—and its greatest value to you and to the country is in the *new wealth* it can produce each year in the form of finished products.

In many large businesses, annual sales are as great as the total capital investment. In other words for every dollar these businesses are worth they create a hundred cents' worth of new wealth *each year*.

Now, where does this new wealth go,—into the pockets of the owners and the management? No, indeed—not by a flock of digits!

It puts on overalls—pours back into circulation—to give other businesses and other men a chance at prosperity. It goes to cover payrolls, the purchase of raw materials, necessary plant improvement, new product design, taxes, dividends and the like.

A vivid example of this process is the recent statement by the Ford Motor Company that in the 32½ years it has been in business it has received \$12,848,000,000.

Of this income, the vast bulk (93.73 per cent) immediately became outgo. For wages and materials over that period the company paid out \$11,466,000,000—for taxes, \$576,416,000—the remainder it used in maintaining, operating and expanding its industry, and with it built branches in 52 American cities.

This is typical of what happens in most well-managed American businesses.

The profit records show that *all* corporations in the manufacturing industries during the years 1923-1933 averaged just a trifle over 4 per cent annually on their investment, or 4½ cents per dollar of sales. It offers an object lesson of the foolishness of talk of dividing "wealth" when schoolboy arithmetic as well as the steadily rising American standard of living shows the wisdom of *multiplying* it!

*This advertisement is published by*

## NATION'S BUSINESS

*in a number of newspapers throughout the country.*

Our subscribers will recognize in it the spirit by which Nation's Business is guided and the purpose it serves—to encourage straight thinking about business and a better understanding of its relations with government.



of man as "life, liberty and property," but that Jefferson substituted for "property" the phrase, "pursuit of happiness." Evidently the Good Neighbor League also puts "human values" and the pursuit of happiness above mere property rights.

In effect Dr. High said the same to me:

Franklin Roosevelt's program represents a new tendency in American life; he stands for the principles I have been advocating for years. If we can inject humanity into capitalism it can be saved. We would then have an economic order which would provide for the well-being of the greatest number. The churches have spent 20 years striving toward higher social ideals; now the government is doing what they have been talking about.

Just after the World War I organized a youth movement in the Methodist Church.

He is author of "Revolt of Youth." There was a lot of enthusiasm and a lot of publicity, but somehow the whole thing evaporated.

Senator Norris once told me that during 30 years in Congress he had been as a voice crying in the wilderness. At last, he said, he had found backing and support in the White House. In the past three years the President has changed the whole economic and social atmosphere of the United States. Even the G. O. P. is now talking liberalism. The Good Neighbor League is out after the split-ticket voters in both the major parties, pacifists as well as social and professional groups which have high ideals and believe they can be realized.

As far back as 1929, Stanley High wrote "The Church in Politics." A Chicagoan by birth, his parents moved to Wyoming in his youth, and he was graduated from the Douglas high school in 1913. Then he got his A. B. at Nebraska Wesleyan, did some reporting of cowpuncher doings for Wyoming papers, and became a war flier. His intention was to become a newspaper man, but he was made a member of the Reconstruction Commission to Europe, and then was sent to China by the Methodists in 1919 as a member of an educational commission. It was not until 1923 that he got his degree as a theologian.

The *Christian Science Monitor* sent Dr. High to Russia. He has traveled in Africa and has covered his own country thoroughly. He has lectured at the Williamstown Institute of

Politics, and has been assistant secretary of the Board of Foreign Missions for the Methodists.

It was in 1928 that he became editor of the *Christian Herald*. Then he went to the National Broadcasting Company.

### Listed as a Congregationalist

DR. HIGH lives in Noroton with his wife and two children; and he was attending a Presbyterian church when the First Congregational Church in Stamford found itself without a pastor.

He agreed to speak on Sunday morning until a shepherd could be found for the flock, which urged him to remain as pastor.

Dr. High objected, as I understand it, that he ought not to take this post because he had not been ordained as a minister, but his objections were overruled for some two years. He lists himself now as a Congregationalist, in spite of all the work he has done for the Methodist Church and in spite of his fondness for the Presbyterians.

Institutionalized religion, indeed, has no great attraction for him.

He is not a Fundamentalist and not an ardent advocate of any creed. He is an up and coming man in middle life, who talks well and writes fluently, who looks much younger than he is, who is industrious and alert.

Although Mr. Roosevelt is of the Episcopal faith, he is no more firmly wedded to creed than

Dr. High. It may be as well to conclude this sketch with a paragraph from a speech he made last February at Hyde Park, which bears directly upon Dr. High's League:

I should like to see Associations of Good Neighbors in every town and city and in every rural community of our land. Such associations of sincere citizens, like-minded as to the underlying principles and ideals, would reach across the lines of creed or of economic status. It would bring together men and women of all stations to share their problems and their hopes and to discover ways of mutual and neighborly usefulness.

Dr. High has not yet formed a "non-partisan" Good Neighbor League in every town and city and countryside, but he's doing his best.

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# "FLEX-SET" PREFORMED YELLOW STRAND

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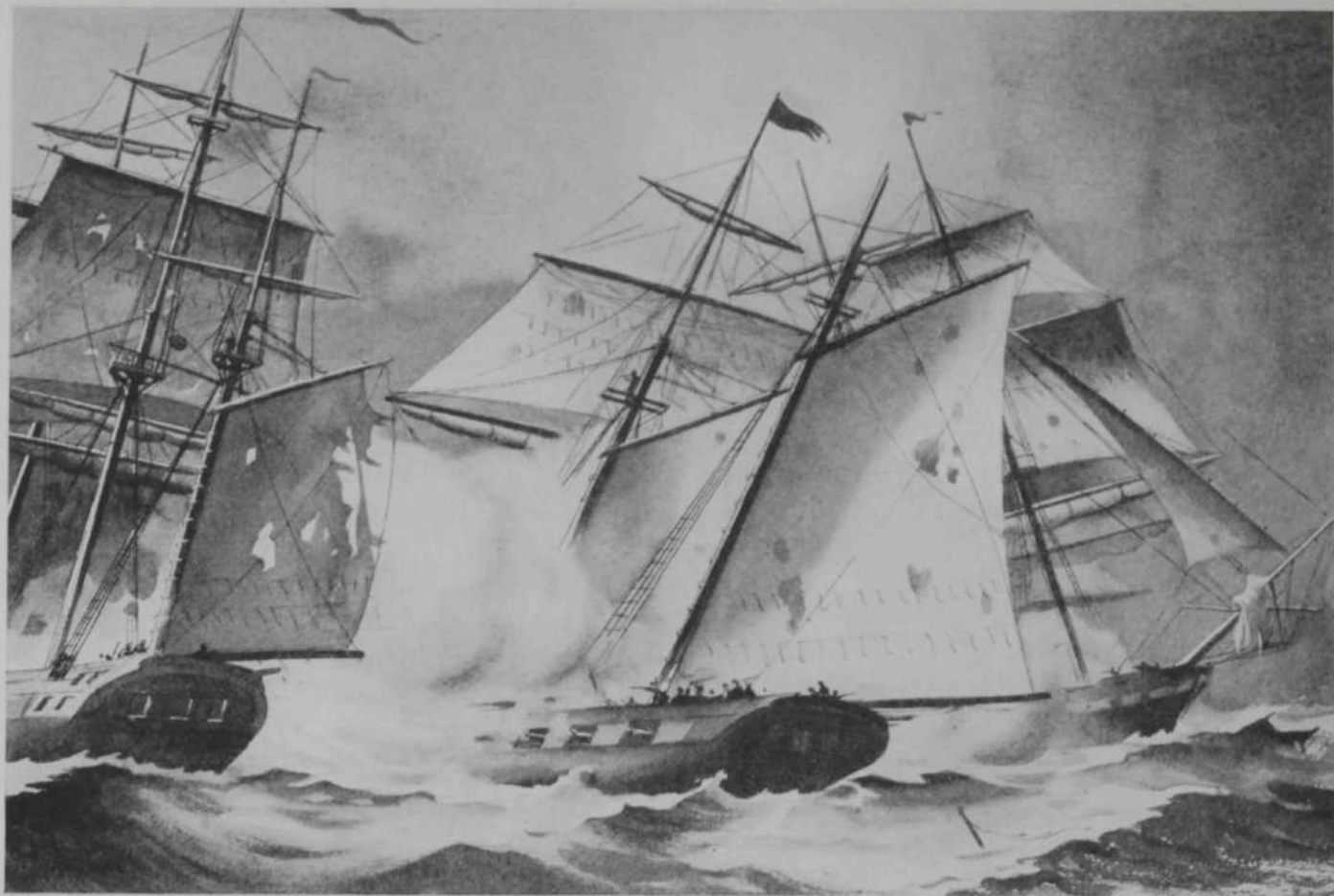
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However else readers, friendly or hostile, may regard the Tribune, they always take it

seriously. Chicago people may be for it or against it on particular issues, but they *read* it . . . and they provide a degree of reader interest which delivers extra returns to advertisers.

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 —CHICAGO TRIBUNE

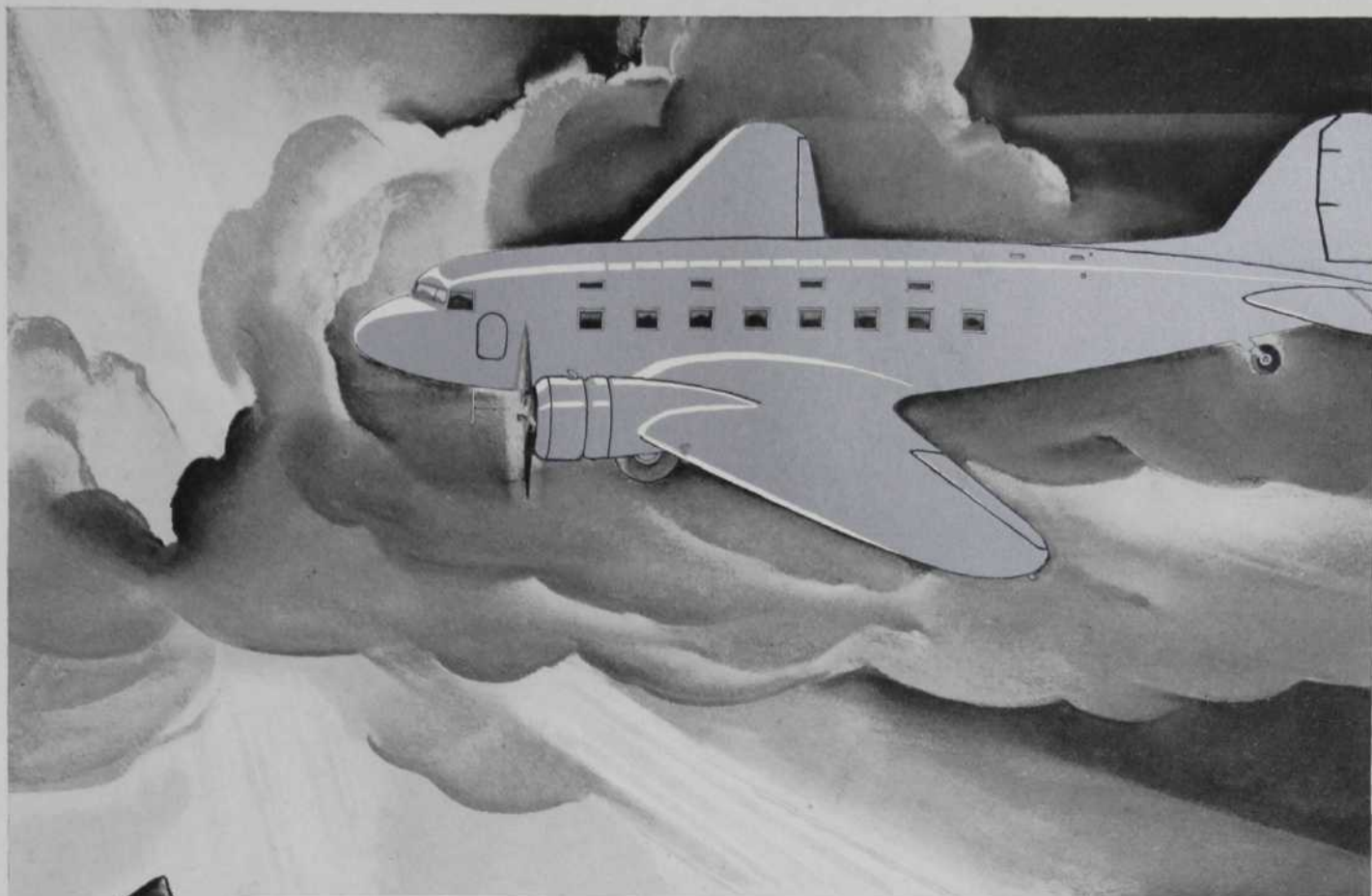
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## MAN WITH A *Memo book* ABOARD

*Mem.* Never occurred to me before what tremendous strength must be required in the inside structure of those huge wings. They tell me the inside looks like a honey-comb of Aluminum beams and such. Never realized Aluminum was so strong. Knew it was light.

*Mem.* Asked the co-pilot about the motors. Said *they* were nearly all Aluminum, too. Not only because Aluminum is light. Seems that the extra heat conductivity of Aluminum makes the motor more efficient. Said I ought to look, sometime, at all the wonderful Aluminum castings and forgings in the engines.

*Mem.* No paint on the exterior of this ship! Looks great, in spite of all the weather it's been through. So that's what they mean when they say Aluminum is resistant to corrosion!

*Mem.* Thought I'd make a list of all the things in the ship made of Aluminum. Started with chairs. Discovered the list would have to include practically everything aboard. No wonder they talk about versatility. Beauty, too.

*Mem.* Look into this business of Aluminum when I get home.

In this organization you will find the "know-how" which will help you to utilize the fullest advantages of Alcoa Aluminum Alloys in your product. An airplane is just mass-in-motion. So is every moving or mobile part of simple or complex machines. The lightness and strength of Alcoa Aluminum has made the airplane of today. It can make your product better, too. Our engineers are at your service. Aluminum Company of America, 2125 Gulf Bldg., Pittsburgh, Pa.



# ALCOA · ALUMINUM



## "MY DAD WANTS A POUND OF NAILS"

**J**UST a few cents' worth of nails . . .

It may not sound like a very big sale. Yet that young man is mighty important to the steel industry. For he is a hardware customer. And a modern hardware store sells a thousand and one things made of steel that are vital to everyday life.

Of course not every hardware merchant can carry in stock an unlimited supply of each item, else he would need a store as big as a warehouse. Fortunately this isn't necessary. If the stock runs low, replenishments are promptly available from the wholesaler who has a warehouse containing about 19,000 different items ready for quick delivery.

And that is why you can enter almost any hardware store and be sure of finding just the size of nails, or the right weight of hammer or the very type of saw that you want.

In the same way, on steel products other than hardware, there are other jobbers and distributors who render the same kind of prompt, efficient service. For



instance, does the tinsmith need a coated steel sheet to repair a leaky roof? Does the plumber need some pipe for a bathroom, or the electrician some cable for wiring a house? He gets these from a distributor. Does the contractor need some steel beams for a building? He buys these from a distributor.

Those distributors are really "department stores of steel." They buy by the ton and sell in any quantity, but usually

a small one—to thousands of individuals and businesses. The total share of the steel output which these distributors account for is a large one. They render an indispensable service. Without it business in general and that of United States Steel in particular would be seriously hampered. The entire facilities of United States Steel—production, research, prompt delivery—are devoted to maintaining this service at a high level.

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# UNITED STATES STEEL